





Government  
Publications




Government  
Publications









Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto







Canada, War Expenditure, 1946

Gov. Doc  
Can  
Com  
WA

DEPARTMENTAL LIBRARY  
IN ECONOMICS  
UNIVERSITY OF TORONTO

CA1XC2

-46W12

770

63

SESSION 1946  
HOUSE OF COMMONS

(SPECIAL COMMITTEE  
ON

# WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

TUESDAY, JUNE 4, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946

LIBRARY  
JUN 19 1947  
UNIVERSITY OF TORONTO





## MINUTES OF PROCEEDINGS

TUESDAY, June 4, 1946.

The Special Committee on War Expenditures and Economies met at 11 a.m., the Vice-Chairman, Mr. Cote, presiding.

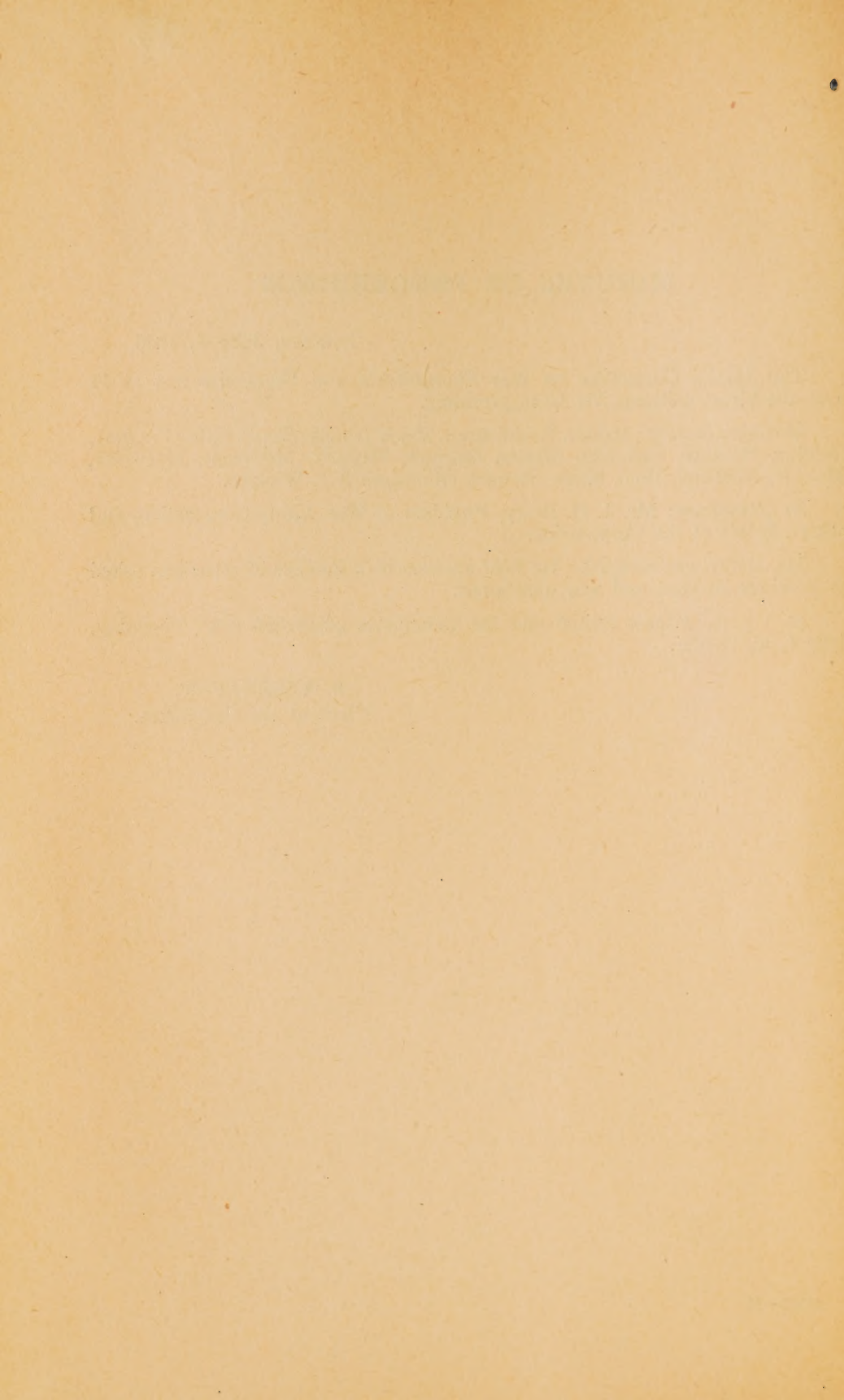
*Members present:* Messrs. Benidickson, Black (*Cumberland*) Cote (*Verdun*), Golding, Homuth, Jackman, Marier, Marquis, Murphy, McGregor, McIlraith, McLure, Michaud, Reid, Shaw, Stewart (*Winnipeg N.*), Winkler.

*In attendance:* Mr. J. H. Berry, President of War Assets Corporation, and other officials of the Corporation.

Mr. Berry was recalled. He filed answers to a number of questions asked at previous sittings, and was questioned.

At 1 p.m., witness retired and the Committee adjourned until Thursday, June 6, at 11 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 4, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Deputy Chairman, Mr. Paul E. Cote, presided.

The VICE-CHAIRMAN: Gentlemen, now that we have a quorum I will call the committee to order. I will ask the witness, Mr. Berry, to proceed first with a statement he wishes to make to the committee.

### **Mr. J. H. Berry, President, War Assets Corporation, recalled:**

The WITNESS: Mr. Chairman, towards the end of Mr. Dinsmore's evidence on real estate given before this committee on May 30, a question was asked by Mr. Black as regards Crown owned buildings at the Canadian Car and Foundry plant at Amherst, N.S.

Mr. Dinsmore, in his reply, indicated that to his knowledge the Crown had no interest in the land on which these buildings were constructed and further, that the Crown had very limited rights in respect to the acquisition of these lands.

I wish to advise that subsequent enquiries by Mr. Dinsmore showed that negotiations are still proceeding between the Company and officers of the Department of Reconstruction and Supply with a view to arriving at a mutually satisfactory conclusion.

The VICE-CHAIRMAN: It was announced at the adjournment of our last meeting that the witness would today reply to questions that were left outstanding in those cases where answers are now available.

Mr. MURPHY: Mr. Chairman, relative to that same meeting, when Mr. Dinsmore was here the other day, I think we will all recall that, I believe it was Mr. Shaw or Mr. Stewart, or it may have been Mr. Black, was asking the witness about the sale of properties by War Assets upon the recommendation of the department; and I was wondering, I do not know whether the witness would have available the information, but I wonder if he would take notice of it, or if you would, Mr. Chairman; I think the committee in view of that evidence would be entitled to have a record of the sales by War Assets to companies or individuals either upon the recommendation of the department or sales made not upon recommendation of the department. Have you got that? What I mean to ask is this, at that same meeting, about which the witness is now speaking, examination by two or three committee members revealed that sales were made by War Assets of land and buildings upon the recommendation of the department. And I would suggest that this should be sufficient in itself, that we should get this information on such sales; that would involve also whether or not bids were made or offered for such buildings or land, and include sales made upon the recommendation of the department, and sales made not upon the recommendation of the department.

The WITNESS: May I point out that if we are to reply to that question, we must report all sales we have made of real estate. There are two categories; one, those made on the recommendation of the department, and the other sales made without the recommendation of the department. I do not know whether the member wishes us to prepare a statement of that kind.



Mr. MURPHY: Would it involve very much work?

The WITNESS: It would require a resumé of everything the real estate department has done since it started, every sale made.

Mr. MURPHY: Could we not start with some nominal figure and go from that on up? I do not think any member of the committee would want small deals.

The VICE-CHAIRMAN: Do I take it that you are more interested in the first part of your question, the lands and buildings which were disposed of by War Assets upon the recommendation or directive of the department?

Mr. MURPHY: That is it.

The VICE-CHAIRMAN: Would that involve much work?

The WITNESS: It is considerably less work, very much less.

Mr. MURPHY: Would it be all right to start with that then, and eliminate the other for the time being—just those made upon the recommendation or directive of the department?

The VICE-CHAIRMAN: Could we not make a division of that question, Mr. Murphy, by putting it on a fair level and asking about the more important deals, those over a certain value, handle it in that way?

Mr. MURPHY: That would suit I think to start off with, Mr. Chairman. I do not know how extensive sales of this type have been or what the amounts involved would be. Suppose you were to start with \$50,000, something like that.

The WITNESS: I think you will find, Mr. Chairman, if I am not mistaken, that in a list of buildings and properties sold which I filed, and which will appear in the minutes of our last meeting, you will find a number of properties there which were sold upon the recommendation of the Department of Reconstruction and Supply. That might be sufficient without going through the whole thing again.

Mr. MURPHY: What gave me concern, and what I am anxious to find out about, is that as I understood the evidence given at the end of the last meeting there might be occasions where there were bids in on a certain property we will say for \$5,000, \$4,000, and \$3,000, and on the recommendation of the department the sale might be made to the lowest bidder.

Mr. McILRAITH: I was going to suggest two things. It might be helpful if the honourable member had a chance to go through the evidence of the last meeting, it is not yet printed, and check through it. That might get his question down to a point where it can be dealt with.

Mr. MURPHY: That last part, do you mean?

Mr. McILRAITH: That report is not printed yet.

Mr. MURPHY: You refer to the minutes of the meeting of last Friday?

Mr. McILRAITH: Yes. If you went through that evidence it might enable you to get what you wanted more clearly defined. I am not clear as to just what the point is you are getting at. I do not know if there were any cases where the sale went to the lower offer.

The WITNESS: I cannot recall any offhand.

Mr. McILRAITH: I think if there were any it might be that what you are seeking could be turned up very easily. In the sales of industrial buildings the number was very limited, and if you are interested particularly in the sale of buildings where the sale was made actually below cost—there may have been such cases, on the other hand, there may not. I think that is the point the honourable member is trying to get at.

The WITNESS: I think, Mr. Chairman, if the answer required is what buildings were sold under the recommendation of the Department of Reconstruction and Supply, I could get that information fairly completely from my files. As

you will appreciate that means going through every individual file and ascertaining whether it was a sale made under the recommendation of the department. There is a lot of work in it, but it can be done.

Mr. McILRAITH: All I am seeking to do is to narrow the question down. I was rather anxious that the whole of the real estate branch would not be tied up in getting the information, and in digging up a lot of information which was not really necessary. That was my interest in seeking to have the question narrowed a bit, because there is a lot of property on hand to be disposed of, and I think all members of the committee will appreciate that it is important that it should be disposed of quickly; and that is why I was seeking a method of getting the question narrowed down to the point the honourable member had in mind.

Mr. MURPHY: I think the chairman appreciates, as well as the witness, the information I want. It was brought out at the meeting last Friday, and I think Mr. Berry knows very well what we want.

Mr. MCGREGOR: How many sales are involved? Could Mr. Berry give us a rough idea as to how many sales have been made along that line?

Mr. McILRAITH: That is the question I asked. He said he didn't know, he did not have it at hand, he could not reply off hand.

The WITNESS: I do not know off hand of any buildings which were sold under the direction of the Department of Reconstruction and Supply at a lower bid.

Mr. MCGREGOR: If there is any, it would not take long to get the information.

The WITNESS: To get that information means going through—we don't carry that information in a separate ledger anyway—it means going through every single file, examining the file to see what bids were made and what properties were sold under the direction of the Department of Reconstruction and Supply. We do not split our sales of real estate into two categories, one sold on the recommendation of the Department of Reconstruction and Supply, and one sold by tender, and another sold in another way. It would mean that we would have to go through every file and find out which was which.

Mr. MCGREGOR: Anyway, you would have a pretty good idea as to how many of these sales there were.

The WITNESS: I would guess thousands.

Mr. MCGREGOR: You would say roughly a thousand sales of lands and buildings?

The WITNESS: More than that, thousands.

The VICE-CHAIRMAN: I will now call upon the witness to answer the first question.

The WITNESS: This is a question asked by Mr. Lalonde:—

1. How many snowplows have been declared surplus and what types of vehicles were they?
2. To whom have these snowplows been sold and at what price?
3. Were tenders asked for each sale?
4. Give a list of applications made by municipalities for the purchase of snowplows?

#### Answers

1. 11 snowplows declared surplus.\* See attached list "A" re types of vehicles.
2. See attached list "A" re purchasers and price.

\*In addition, where snow removal equipment was declared surplus by the Department of National Defence for Air, in connection with airports, the Department of Transport has obtained this equipment when the airport was transferred to them.

3. Tenders were not asked for as prices were set by the corporation.
4. See attached list "B".

## WAR ASSETS CORPORATION

MONTREAL, QUE.

AUTOMOTIVE DIVISION

April 11, 1946.

*Snowplows sold by Automotive Division*

Purchaser	Address	Description	Price
Transfer to W.A.C. ..	St. Therese, Que. ....	1 Snowplow, Model W.A. 14 .....	—
Transfer to W.A.C. ..	St. Therese, Que. ....	1 Snowblower, Sicard .....	—
Department National Defence .....	Ottawa, Ont. ....	1 Snowplow, Frink Model .....	\$ 386.00
Transfer to W.A.C. ..	Windmill Point .....	1 Snowplow, "V" Type .....	—
Transfer to W.A.C. ..	Goderich, Ont. ....	1 Snowplow, "V" Type .....	—
Town of LaTuque ...	Quebec .....	1 Sicard Snowblower .....	\$9,229.00
Transfer to W.A.C. ..	St. Catharines, Ont. ..	1 Snowplow, "V" Type .....	—
Transfer to W.A.C. ..	St. Catharines, Ont. ..	1 Snowplow, "V" Type .....	—
Champoux Autobus Transport .....	LaTuque, Que. ....	1 Rotary Snow King (Incomplete) Plow .....	\$ 400.00
Department of Labour (Ottawa Ont.) .....	Ottawa, Ont. ....	2 Snowplows "V" Type, \$300 each) ..	\$ 600.00
(Pending on sales order.)			

*Priority requests by municipalities for snowplows*

Description	Request
1 Snowplow .....	Municipality of Portland West, Poltimore, Que.
1 Fully equipped truck with blower for winter road maintenance .....	Municipality of St. Gabriel de Brandon, Que.
1 Automobile truck with snowplow .....	Corporation Municipality of Village of Giffard, Que.
1 Walter snowfighter .....	Municipality of Dundee, Que.
1 Snowplowing 4 wheel drive .....	Municipality of Summerside, P.E.I.
Snowplows for a No. 12 caterpillar motor patrol .....	Rural Municipality of Westbourne, Gladstone, Man.
1 Snowplow with motor .....	Corp. of the City of Waterloo—Waterloo, P.Q.
Baker snowplow .....	Corp. of the Village of Chapman Camp, B.C.
1 Snowplow .....	Mun. of Notre Dame du Mont Carmel, P.O. of Valmont, Que.
2 Tractors with snowplow attachments .....	Corp. of the City of Kamloops, Kamloops, B.C.
1 Grader blade and snowplow attachment ..	Town of Redcliff, Alberta.
Sicard snow machine with blower or its equivalent .....	City of Riviere du Loup, P.Q.
2-3 ton trucks equipped with snowplows ...	Corp. of the Parish of St. Damien de Bandon, Que.
1 Baker snowplow with attachments .....	Village of Chapman Camp, B.C.
Snow removal equipment .....	Town of McAdam, B.C.
1 "V" type snowplow .....	Fort Erie North, Ont.
Snow removal equipment .....	City of Drummondville, Que.
1 only snowplow .....	W. St. Stuart, Halifax, N.S.
1 only snowplow .....	Mr. Wm. A. King, Township of North Gwillimburg, Ont.
1 only snowplow .....	Corp. of Village of Norwood, Norwood, Ont.
1 only snowplow .....	Improvement District of Mountjoy, Timmins, Ont.



## WAR ASSETS CORPORATION

MONTREAL, QUE.

## AUTOMOTIVE DIVISION

April 11, 1946.

Description	Request
1 only snowplow .....	St. Gedeon, Beauce, Que.
1 only snowplow .....	St. Martin, Beauce, Que.
1 only snowplow .....	St. Georges, Beauce, P.Q.
2 "V" type snowplows .....	Township of Puslinch, Clerk's Office, Puslinch, Ont.
2 Four wheel drive trucks 6x6 or 4x4 to be used for snow plowing snow removal .....	Corporation of the Town of Buckingham, Que.
1 Snow blower .....	Committee Grand'Mere, La Tuque, Que.
Snow power equipment .....	Corp. of the Village of Masueville, Co. of Richelieu, Que.
1 Snow plow (small) .....	Town of Minnadosa, Man.
Snow removal .....	Federal District Commission, 291 Carling Ave., Ottawa, Ont.
Heavy truck with snowplow equipment ..	Village of Lakefield, Ont.
Snowplows .....	Town of Kenora, Ont.
Snowplow .....	Township of Euphemia, Bothwell, Ont., House of Commons.
Snowplow-4 wheel drive .....	Township of Darlington, Hampton, Ont.
Walter snow fighters with plow and wing..	Township of Clarence, Bourget, Ont.
1 Snow blower .....	City of Lethbridge, Alta.
1 Type K.S-8 International truck with 2 speed rear-axle body and wood's hoist equipped with "Trink" snow plow .....	City of Westmount, P.Q.
1 Four wheel drive truck of F.W.D. Sicard or equivalent type, such truck to be mounted with, or suitable for a one-way snowplow .....	Town of Hampstead, Que.
1 only snowplow .....	Township of Arundel, P.Q.
Snowplowing truck .....	Town of Burlington, Ont.
F.W.D. trucks complete with snowplow attachements R.C.A.F. Nos. 34888, 34968.	Township of Kingston, Ont.
Snow removal equipment .....	City of Riviere du Loup, P.Q.
1 Truck including snowplows .....	Corp. of the Village of Almaville, Que.
1 Caterpillar patrol No. 12 with snowplow and wing attached .....	Rural Municipality of St. Andrews, Clandeboye, Man.

*By Mr. Benidickson:*

Q. What do you mean by "transferred to War Assets Corporation" on this sheet of sales for the automotive division?—A. Those are snow plows which were retained by the corporation for its own use for keeping snow cleared at its various warehouses.

Mr. MURPHY: I wonder, Mr. Chairman, if we could have copies of the questions to which these statements apparently are in answer?

The VICE-CHAIRMAN: The available material has been distributed, that covers the tractors sold.

The WITNESS: I am sorry, I have no copies of the questions.

*By Mr. Black:*

Q. May I ask the witness what publicity is given to the municipalities in advance in order that they might know when this equipment would be available, or is it just a case of catch as catch can? Is it a case of those who make application are given consideration, or do all municipalities have the same opportunity of making requisition. I notice that very, very few were disposed

of under priority in the maritime provinces, and I was wondering if they have an equal chance with other sections to requisition.—A. They have an equal chance to apply or to request.

Q. Is there general publicity, newspaper publicity, about this equipment, and when it is going to be available?—A. No. In this case I would say there would be no publicity because there was insufficient to warrant any publicity.

Q. How would my star towns of Amherst and Springhill, towns of eight to ten thousand population each, get information that such equipment would be made available to the municipalities?—A. If we had sufficient equipment available to fill the requirements of municipalities in any reason, then the municipalities would be written to in accordance with the usual procedure, particularly if they have requests in.

Q. How do you get applications from those who are not listed here? How would they know that such and such equipment is available? Do you give them a preference, are they on your priority list?—A. You do have a certain amount of local interest. Where a snow plow exists at a station, they find out in the locality if that snow plow is likely to become surplus.

Q. What opportunities have these two large towns in my riding to know that this machinery is going to be made available, and how would their names be placed on a priority list?—A. In accordance with the priority instructions, if they want a snow plow they must write to War Assets Corporation and get their name on the list. As and when snow plows become available, they would then be considered along with other people on that list.

*By Mr. Shaw:*

Q. What is the significance of this expression on the last page, "being processed"?—A. Being processed means that it is now being checked up by the corporation to find out the condition and price and what would be necessary by way of overhaul and so on.

*By Mr. Stewart:*

Q. From this list of priority requests, are these requests in the order in which they were granted?—A. No.

Q. Is there any order; or, how do you decide; is it a matter of the locale of the equipment?—A. One of the deciding factors is the locale of the equipment.

*By Mr. Benidickson:*

Q. Irrespective of whether priority applicants would be prepared to pay the cost of freight?—A. I think, yes. That is one of the most difficult problems we face. We have here, let me suggest, thirty applications for snow plows and we have none available; even if we have two come available, one of our problems is who out of the thirty should get the two. It places us in a nearly impossible position sometimes.

MR. MURPHY: In the disposal of any of the equipment are there any firms who do get a great quantity of them, and, if so, how do they happen to be able to get quantities?

MR. BENIDICKSON: I just wonder if we are not dealing entirely just now with snow plows. When we get to a consideration of equipment and other things your question would be in order. I just wonder whether we have exhausted the questions with respect to the two points I was checking up on; surplus, and requests for snow plows.

*By Mr. Murphy:*

Q. In that case, did any firm in Canada get more, let us say, than one snow plow; I do not mean municipalities, I mean any firm dealing with equipment of this sort?—A. According to our records the only snow plows we had

have been sold in accordance with this list here which is entitled "snow plows sold by the automotive division", of War Assets Corporation.

Mr. BLACK: Is that sold directly by the corporation? Would they be sold to municipalities under priority?

The WITNESS: Under our priority arrangement we do sell direct to municipalities, provincial governments and federal departments.

*By Mr. Murphy:*

Q. No private firm would be entitled to get these snow plows ahead of the claims of the priority rights of the municipalities or provincial governments?—A. In theory that is correct.

Q. And this list is complete as to snow plows sold to anyone?—A. The only time you would get a divergence from that would be possibly in the case of a snow plow required for operations in connection with the housing program where it might be possible that a contractor would obtain a snow plow to get on with the housing program.

Q. Would he be on this list?—A. He has not appeared so far. This list shows what has been sold by the corporation in snow plows, first; and secondly, shows the priority requests made by municipalities for snow plows.

Mr. SHAW: Mr. Chairman, I notice the snow plows have been sold, according to this list, entirely in Ontario and Quebec. The reason I point that out is because of the prior claims for snow plows from people of other provinces and I also want to know whether any of the snow plows covered by this list were previously located in other provinces. In other words, the point I want to get at is this, were any of these snow plows transported any great distance for sale to the purchasers listed on this return?

The WITNESS: There are only two sales on the list outside of federal government departments.

Mr. SHAW: The sheet here which lists snow plows sold by the automotive division gives you the name of the purchaser and his address, and I see there are only ten of them.

Mr. McILRAITH: If you will read it this way; purchaser—transferred to War Assets Corporation; then you will see going down the sheet that there were only two sales made outside of federal government departments.

Mr. BENIDICKSON: What about this sale to Champoux Autobus Transport, La Tuque, Quebec?

The WITNESS: I have no information on that.

*By Mr. Shaw:*

Q. Then, Mr. Chairman, might I ask this question; you have say a request for snow plows and there are six snow plows located at different points in the country, would you give priority to the request of an applicant in the district in which the snow plow happens to be located? Just what is your policy in respect to that?—A. Normally I should imagine they would be sold to the local requirant.

Q. I would think that unless a very high priority claim exists that would be the proper course of action, because why would you sell a snow plow, and ship it a thousand miles and deliver it to a priority holder if there happened to be a priority holder in the immediate community. You are quite satisfied that would be the policy, that it would be sold where located if at all possible?—A. It would be sold where it is located if at all possible; unless, as you say, some other priority requirement existed and we knew about that being a very urgent requirement—it would only be done in cases where we recognized it as a most urgent requirement.

The VICE CHAIRMAN: We will now proceed to the next question.



Mr. McGREGOR: Just before you go on, I see there is one here, a sale at \$9,229; I wonder if you could tell us the cost of that?

The WITNESS: I cannot produce it to-day, but I will find out for you.

The VICE CHAIRMAN: The next question.

The WITNESS: The next question was asked by Mr. Lalonde.

1. How many tractors have been declared surplus and what types of vehicles were they?
2. To whom have these tractors been sold and at what price?
3. Were tenders asked for each sale?
4. Give a list of applications made by municipalities for the purchase of tractors.

#### Answers

1. 139 tractors declared surplus. See attached list "A" re types of vehicles.
2. See attached list "A" re purchasers and price.
3. 9 were sold by direct sale; 79 sold to priorities; 39 by public tender; 4 transferred to War Assets Corporation for their own use; 8 in process being sold.
4. See attached list "B".

#### LIST OF TRACTORS SOLD BY CONSTRUCTION EQUIPMENT SECTION

April 10, 1946.

Equipment	Price Sold	To Whom Sold
Caterpillar Diesel Tractor.....	\$3,728 58	C.N.R. Mtl.
Caterpillar Diesel Tractor.....	5,000 00	Dept. P. Wks. Victoria, B.C.
R-4 Caterpillar Tractor Ser. No. 436625.....	2,000 00	Just Equip. & Supply, Montreal.
T-40 International Tractor.....	1,711 46	Nat. Research Montreal.
DDH Cletrac Tractor.....	1,000 00	Indian Resid. School, Kamloops, B.C.
RD-7 Caterpillar Tractor, Ser. 9G3042.....	3,000 00	Dept. Transp. Ship to Wpg. Airt. Wpg.
RD-7 Caterpillar Tractor Ser. 9G1445.....	3,000 00	Dept. Transport, Ottawa. Ship to: Intermediate Airdrome, Kenora, Ont.
D-4 Caterpillar Tractor, Ser. TJ8605.....	3,130 00	Dept. Public Wks. Mtl. Ottawa. Ship to: Dept. P. Works, Charlottetown, P.E.I.
D-4 Caterpillar Tractor, Ser. 7J8603.....	3,130 00	Dept. Public Works, Clowedale, B.C.
D-4 Caterpillar Tractor, Ser. 7J6305.....	2,900 00	Institute Tech. Victoria, Beach, Calgary, Alta.
D-2 Caterpillar Tractor, Ser. 5J5828 SP....	1,800 00	City Kingston, Kingston Ont.
D-2 Caterpillar Tractor Ser. 5J5839 SP.....	1,200 00	Franciscan Fathers, Montreal.
D-2 Caterpillar Tractor, Ser. 5J842 SP.....	2,170 00	Dept. Agriculture, Experimental Farm, Ottawa.
D-2 Caterpillar Tractor Ser. 5J4520.....	2,750 00	Power Equipment Co. Port Arthur, Ont.
D-2 Caterpillar Tractor, Ser. 5J5072.....	2,750 00	Ditto.
D-2 Caterpillar Tractor, Ser. 5J5072.....	2,750 00	Ditto.
D-2 Caterpillar Tractor, Ser. 5J5024 SP.....	2,750 00	Ditto.
D-2 Caterpillar Tractor, Ser. 5J5836 SP....	2,250 00	Power Equipment Co. Port Arthur, Ont.
D-2 Caterpillar Tractor, Ser. 5J5826 SP....	2,250 00	Ditto.

Equipment	Price Sold	To Whom Sold
D-2 Caterpillar Tractor. Ser. 5J6421 SP.....	2,000 00	Geo. W. Crothers, Leaside, Ont.
D-2 Caterpillar Tractor. Ser. 5J6409 SP....	2,000 00	Ditto.
D-2 Caterpillar Tractor. Ser. 5J5837 SP.....	2,000 00	Ditto.
D-2 Caterpillar Tractor. Ser. 5J6423.....	2,000 00	Ditto.
D-8 Caterpillar Tractor. Ser. 1H3172.....	7,000 00	A. J. Perron & Son, Kirkland Lake, Ont.
D-8 Caterpillar Tractor. Ser. B3500K8 A....	7,600 00	Caswell Const. Co., Kirkland Lake, Ont.
TD6 International Tractor. Ser. TDRE 5491..		
& T7 CF.....	1,510 00	Alph. Bellavance, Rimouski, Que.
T4D International Tractor Ser. 6112.....	3,600 00	Mun. St. Honore de Shenely Co. Beauce, Que.
CG48/55 HP Cletrac Tractor. Ser. 5M538....	1,742 55	McGill University, Montreal.
CG48/55 HP Cletrac Tractor Ser. 5M540....	1,742 55	Ditto.
D-4 Caterpillar Tractor. Ser. 5689.....	3,700 00	Provincial Paper Co. Port Arthur, Ont.
D-7 Caterpillar Tractor. Ser. 7M92-6SP....	6,200 00	City Port Arthur, Ont.
TD-14 Intern'l Tractor. Ser. TDF-1837.....	3,197 89	Whse. No. 1 Lakeburn, N.B.
"KD" Allis-Chalmers Tractor Ser. KD 6987....	2,400 00	Whse. No. 15, Goderich, Ont.
4RS Case Tractor. Ser. 4608053D1.....	1,239 00	Whse. No. 22 Mtl. Loco. Mtl.
T4D Intern'l Tractor. Ser. 6123.....	2,160 00	C.V.T. Ecole D'Arts de Metiers, Rimouski, P.Q.
T40 International Tractor. Ser. TKC9571....	2,160 00	C.V.T. Technical School, Three Rivers.
T40 International Tractor. Ser. TKC9575....	2,160 00	C.V.T. D'arts & Metiers, Sherbrooke.
T40 International Tractor. Ser. TKC9577....	2,160 00	C.V.T. MacDonald Coll. Ste. Anne de Bellevue, Que.
HD-14 Allis Chalmers Tractor. Ser. 14-211....	8,100 00	Saskatchewan Reconstruction, Regina, Sask.
HD-14 Allis Chalmers Tractor. Ser 14-212....	8,100 00	Saskatchewan Reconstruction, Regina, Sask.
HD-14 Allis Chalmers Tractor. Ser. 14-214..	8,100 00	Saskatchewan Reconstruction, Regina, Sask.
T-40 International Tractor. Ser. 6122.....	2,160 00	Corp. Winslow South, Que.
CG40-50 HP Cletrac Tractor. Ser. 5M500....	1,500 00	Prov. Paper Co., Port Arthur.
TD-18 I.H.C. Tractor. Ser. 5520.....	3,300 00	Dept. of Industry, Halifax, N.S.
D-8 Caterpillar, Tractor. Ser. T27.....	4,683 00	C.V.T. Ecole d'arts, Rimouski, Que.
D-8 Caterpillar Tractor. Ser. T-24.....	6,530 00	C.V.T. Rehabilitation Centre, Moncton, N.B.
T40 Crawler Tractor. Ser. 6114.....	1,742 55	Saskatchewan Reconstruction, Regina, Sask.
CG Cletrac Tractor. Ser. 5M450.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M452.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M456.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 2C746.....	900 00	J. H. Gardison, Garden Hill, Ont.
CG Cletrac Tractor. Ser. 5M502.....	1,742 55	Saskatchewan Reconstruction, Regina, Sask.
CG Cletrac Tractor. Ser. 5M-498.....	1,742 55	C.V.T., Regina, Sask.
CG Cletrac Tractor. Ser. 5M-428.....	1,742 55	C.V.T., Moose Jaw, Sask.
CG Cletrac Tractor. Ser. 5M-494.....	1,742 55	Sask. Reconst., Regina, Sask.
CG Cletrac Tractor. Ser. 5M-526.....	1,742 55	Sask. Reconstruction, Regina, Sask.

Equipment	Price Sold	To Whom Sold
CG Cletrac Tractor. Ser. 5M-438.....	1,742 55	Sask. Reconstruction, Regina, Sask.
CG Cletrac Tractor. Ser. 5M-508.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-504.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-482.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-440.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-432.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-424.....	1,742 55	Ditto.
CG Cletrac Tractor. Ser. 5M-534.....	2,150 00	Irving Mach., Calgary, Alta.
CG Cletrac Tractor. Ser. 5M-524.....	2,150 00	Ditto.
CG Cletrac Tractor. Ser. 5M-444.....	2,150 00	Ditto.
CG Cletrac Tractor. Ser. 5M-434.....	2,150 00	Ditto.
CG Cletrac Tractor. Ser. 5M-488.....	2,150 00	Ditto.
CG Cletrac Tractor. Ser. 5M-510.....	2,150 00	Ditto.
CG Cletrac Tractor. Ser. 5M-486.....	1,742 55	C.V.T., Calgary, Alta.
CG Cletrac Tractor. Ser. TDF3909TL3F....	1,742 55	C.V.T., Calgary, Alta.
International Tractor. Ser. FTM1191.....	1,980 00	C.V.T. Kitchener, Ont.
CG Cletrac Tractor. Ser. 21-542.....	1,800 00	Wilkinson & McClean, Edmon- ton, Alta.
CG Cletrac Tractor. Ser. 21-543.....	1,800 00	Ditto.
CG Cletrac Tractor. Ser. 21-678.....	1,800 00	Ditto.
CG Cletrac Tractor. Ser. 21-679.....	1,800 00	Ditto.
D-7 Caterpillar Ser. 7M18283P.....	.....	Ditto
WDK6 Industrial Tractor Ser. 1234.....	.....	Ditto
CG Cletrac Tractor Ser. 5M-476.....	2,900 00	Wilkinson & Maclean, Edmon- ton, Alta.
CG Cletrac Tractor Ser. 5M-472.....	2,900 00	Ditto
CG Cletrac Tractor Ser. 5M-462.....	2,900 00	Ditto
CG Cletrac Tractor Ser. 5M-488.....	2,900 00	Ditto
CG Cletrac Tractor Ser. 5M-458.....	2,900 00	Ditto
CG Cletrac Tractor Ser. 5M-436.....	2,900 00	Ditto
CG Cletrac Tractor Ser. 5M-496.....	2,450 00	Mount Victoria Hudson Heights, Que.
International Tractor Ser. TKC-9378.....	2,160 00	C.V.T. Macdonald College, Ste. Anne de Bellevue, Que.
D6 Caterpillar Tractor Ser. 7M-1343.....	3,750 00	Western Const. & Lumber Co., Edmonton.
1940 Crawler Tractor Ser. 6113.....	2,160 00	Sask. Reconstruction, Regina, Sask.
CG Cletrac Tractor Ser. 5M-470.....	1,742 00	Saskatchewan Reconstruction, Regina, Sask.
Cletrac Tractor Ser. 5M-446.....	1,800 00	John Davies, Winnipeg.
Tracked Tractor Ser. 3G1271.....	2,500 00	Hector Cloutier, Petawawa.
Cletrac Tractor Ser. 5M-454.....	1,742 00	Saskatchewan Reconstruction, Regina, Sask.
International Tractor Ser. TKC0570.....	1,620 00	C.V.T. Nova Scotia Tech. College, Halifax.
Cletrac Tractor Ser. 5M-492.....	1,742 00	Saskatchewan Reconstruction, Regina, Sask.
International Tractor Ser. TDCB-2201.....	2,520 00	C.V.T. Rehabilitation Centre, Moncton.
Cletrac Tractor Ser. 5M-520.....	1,742 00	C.V.T. North Sydney, N.S.
Inter. Harvester Tractor Eng. C910J.....	2,160 00	C.V.T. Tech. College, Halifax N.S.
Inter. Harvester Tractor Ser. 19234.....	1,620 00	C.V.T. Moncton, N.B.
International Tractor Ser. TCB3052-T13A....	1,687 00	Nat. Harbour, Ottawa, Ont.
Cletrac Tractor Ser. 1L-3698.....	1,452 00	C.V.T., Rimouski, Que.
International Tractor Ser. TKC9576.....	2,160 00	Ditto
TD14 International Tractor.....	3,681 00	C.V.T. Red Deer, Alta.



Equipment	Price Sold	To Whom Sold
TD18 International Tractor.....	4,830 00	Whse. #28 Bowden, Alta.
TD18 Crawler Tractor.....	4,265 00	Dutton Bros. & Co.
TD14 Tractor Ser. TDFM 2999.....	3,681 00	Dept. Ed'n., Fredericton.
T40 Tractor Ser. 6118.....	1,980 00	C.V.T. Sydney, N.S.
TD-14 Tractor Ser. 3085 T13 F.....	3,681 00	C.V.T. Rimouski, Que.
T40 Tractor Ser. 10120.....	2,970 00	C.V.T. Hamilton, Ont.
D-8 Tractor Ser. 1H-7273.....	7,836 00	C.V.T. Edmundston, N.B.
CG Tractor Ser. 2C-780.....	1,200 00	City of Timmins, Ont.
Int. Tractor Ser. TCK6120.....	2,160 00	Can. Arsenal Ltd., Toronto.
CG Tractor Ser. 5M-474.....	2,010 00	Henry M. Goertzen, Abbotsford.
T-9 Intern'l. Tractor Ser. TCB 2076.....	1,025 00	Chas. F. Scott, Mount Elgin, Ont.
T4D Intern'l. Tractor Ser. 6012.....	2,160 00	C.V.T. Fort William.
CG Tractor Ser. 5M-517.....	1,742 55	Ditto
D-4 Caterpillar Tractor Ser. W4-340.....	3,852 00	Dept. Transport Ship. to: Welland Canal Stores, Port Arthur, Ont.
International Tractor.....	3,681 00	City Timmins, Ont.
T40 Intern'l Tractor Ser. 6110.....	500 00	G. V. Hotel, Timmins, Ont.
CG Tractor Ser. 5M-536.....	1,742 55	Collins Bay Pen, Ottawa, Ont.
T40 Intern'l Tractor Ser. 6112.....	2,059 00	Mun. St. Honore de Shenley, Que.
Cletrac Tractor Ser. 5M-538.....	1,742 55	McGill University, Montreal.
Cletrac Tractor Ser. 5M-540.....	1,742 55	Ditto.
Cletrac Tractor Ser. 5M-532.....	2,705 00	Town Raymond, Alta.
Tractor Ser. 5M-484.....	2,705 00	Town High River, Alta.
Crawler Tractor Ser. 5M-530.....	2,705 00	Town Sudbury, Ont.
Crawler Tractor Ser. 5M-490.....	3,500 00	Irving Mach. Ltd., Calgary, Alta.
Crawler Tractor Ser. 5M-466.....	3,500 00	Ditto.
Inter. Harvester Tractor. Ser. 811.....	2,160 00	C. V. T. Brockville, Ont.
D6 Caterpillar Tractor Ser. 5R28 SP.....	3,230 00	David G. Thomas, Whiteshores, Y.T.
BD Tractor.....	.....	Being processed.
Model BD Cletrac Tractor Ser. 6D470.....	.....	Being processed.
CG Tractor 25/77 H.P. ....	.....	Being processed.
TD 14 Intern'l Tractor Ser. T4876 T13F.....	.....	Being processed.
R4 Caterpillar Tractor Ser. 6C-1204.....	.....	Being processed.
R4 Caterpillar Tractor Ser. 6C-1208.....	.....	Being processed.
T-35 International Tractor Ser. 6126.....	.....	Being processed.
R4 Caterpillar Tractor Ser. 6D-1209.....	.....	Being processed.

## LIST OF APPLICATIONS MADE BY MUNICIPALITIES FOR TRACTORS

April 10/46.

- |  |  |
|--|--|
| 1. Town of Cadillac, Que.                            | 13. Estevan, Sask.                     |
| 2. Town of Beauceville East, Que.                    | 14. Edmonton, Alberta.                 |
| 3. Village of Disraeli, Wolfe Co., Que.              | 15. St. Pascal de Kamouraska, Que.     |
| 4. Village Enfant Jesus, Valley Junction, P.Q.       | 16. St. Paul, Alta.                    |
| 5. Rural Mun. Lake Johnston No. 102, Mossbank, Sask. | 17. Silverwood, Sask.                  |
| 6. Kimberly, B.C.                                    | 18. St. Joseph de Beauce, Que.         |
| 7. Medicine Hat, Alta.                               | 19. County of Halifax, N.S.            |
| 8. Notre Dame de Liesse, Que.                        | 20. Mun. of Whitewater Bunclody, Man.  |
| 9. Red Deer, Alberta.                                | 21. Mun. of Lacadena No. 228, Sask.    |
| 10. St. Ephram, Que.                                 | 22. St. Comme Kennebee, Beauce, P.Q.   |
| 11. Bjorkdale No. 426, Sask.                         | 23. Rur. Mun. Hanover, Steinbach, Man. |
| 12. Rural Mun. of Cote No. 271, Kamsack, Sask.       | 24. St. Zacharie, Dorchester Co., P.Q. |
|  | 25. Co. of Bruce, Walkerton, Ont.      |
|  | 26. Town Hall, Bury, Que.              |
|  | 27. Kenora, Ont.                       |

28. City of Kingston, Ont.
29. City of Montreal.
30. Mont Joli, P.Q.
31. Rouyn, P.Q.
32. Preston, Ont.
33. Dept. Property, Toronto, (City).
34. Port Arthur, Ont.
35. Shawinigan Falls, Que.
36. St. Anne, Man.
37. St. Christine, Bagot Co., P.Q.
38. Lunenburg, N.S.
39. Lake Lenore No. 399 St. Brieux, Sask.
40. Dist. Mission City, B.C.
41. Rural Mun. of Morse No. 165 Sask.
42. Mun. Dist. Mountain View No. 280 Didsbury, Sask.
43. Mun. of Grant, Vanda, Sask.
44. Dist. No. 21 Mun. of Halifax, Sheet Harbour, N.S.
45. Twp. of Humberstone R.R. 1 Port Colborne, Ont.
46. City of Hamilton, Ont.
47. Darlington, Hampton, Ont.
48. Mountain, Millarney, Man.
49. Town of Beauceville East, Que.
50. Rural Mun. at Birch Hills No. 460, Sask.
51. Barrie, Ont.
52. Mun. of Canton, Begon, St. Jean de Dieu, P.Q.
53. Rur. Mun. of Cannan No. 225 Lucky Lake, Sask.
54. Rur. Mun. of Eyehill, Sask.
55. Mun. Dist. Flagstaff No. 390 Sedge-wick, Alta.
56. Granby, Que.
57. City of Moose Jaw, Sask.
58. Mun. Ogden Standstead Co. P.Q.
59. Rossburn, Man.
60. Mun. of Nelson, Ont.
61. Cavell, Sask.
62. Raymond, Alta.
63. Raven No. 57, Alta.
64. Lunenburg, N.S.
65. Sutton, Sask. No. 103.
66. South Cypress, Man.
67. Silverwood, Sask.
68. Rapid City, Man.
69. Ste. Anne Parade, Que.
70. Teck Twp. P.Q.
71. Val d'Or, Que.
72. Valleyfield, Que.
73. Williams East, Que.
74. Windsor, Ont.
75. Woodsworth, Man.
76. Grand River, Con. Com., Brantford, Ont.
77. Corp. of Co. of Gray, Court House, Owen Sound, Ont.
78. Riviere du Loup, Que.
79. Mun. Dist. of Strathcona No. 517 South Edmonton, Alta.
80. Mun. Dist. of Blackie No. 30 Blackie, Alta.
81. Dist. of Calgary, Alta.
82. Mun. of Village Ferme Neuve, P.Q.
83. Town of Brooks, Alta.
84. St. Isidore Co. Laprairie, Que.
85. Mun. St. Come de Kemebec, Ont.
86. Rur. Mun. Macdonald, Sanford, Man.
87. Maison N.D. de Sully, Temiscoula Co. P.Q.
88. Orangeville, Ont.
89. Osgoode, Ont.
90. Orillia, Ont.
91. Mun. of Grenville & Augmentation, P.Q.
92. Town of Huntsville, Muskoka, Ont.
93. Mun. of Jaffray & Mellick, Kenora, Ont.
94. County of Lambton, Sarnia, Ont.
95. Village of Magog.
96. Mun. Bruce Mines, R.R. No. 3, Ont.
97. Twp. North Dumfries, Galt, Ont.
98. Twp. of Arundel.
99. Village of Chapeau, Que.
100. Courcelles, Frontenac, Co. P.Q.
101. Village Deschailions sur. St. Laurent, P.Q.
102. Mun. of East Leed, West Broughton, Que.
103. Town of Edson, Alta.
104. Twp. East York, Toronto, Ont.
105. Mun. Fortierville, Lotbiniere Co., P.Q.
106. Village of Gifford.
107. Parry Sound, Ont.
108. Richmond Brighthouse, B.C.
109. Richot, Man.
110. Scott, Ont.
111. Sudbury, Ont.
112. St. Adrien d'Irelande.
113. St. Aurelie, P.Q.
114. St. Benjamin, P.Q.
115. St. Benoit Labre, P.Q.
116. St. Boniface de Sharinigan, P.Q.
117. St. Cecile de Whitton, Que.
118. St. Clothilde, Beauce, Que.
119. St. Ephrem, Que.
120. St. Edouard de Brampton.
121. St. Elzear de Beauce, P.Q.
122. Halifax South.
123. St. Frederick de Beauce, P.Q.
124. St. Gedeon de Beauce, Que.
125. Aubert Allion St. Georges de Beauce, Que.
126. St. Jules de Beauce, Que.
127. St. Philbert Beauce, P.Q.
128. St. Romould, Que.
129. Toronto Parks Dept. (City).
130. Thompson, Man.
131. Tisdale, Ont.
132. Waterloo, Alta.
133. West Hull, Que.

- |   |  |
|---|--|
| 134. Wakefield, Que.                            | 152. Mun. County of Halifax, N.S.<br>(Law Courts).         |
| 135. St. Marie de Beauce, Que.                  | 153. Lennoxville, P.Q.                                     |
| 136. Somerset South, Plessisville, P.Q.         | 154. Rur. Mun. Coldwell, P.O. Box 91,<br>Lundar, Man.      |
| 137. Bury, Que.                                 | 155. Big Stick 141 Golden Prairie, Sask.                   |
| 138. Delta, B.C.                                | 156. Rur. Mun. of Cote No. 271, Kamsack,<br>Sask.          |
| 139. Bristol, P.Q.                              | 157. City of Cranbrook, Cranbrook, B.C.                    |
| 140. Mun. Martyers Canadien, Wolfe Co.,<br>P.Q. | 158. St. Hyacinthe, P.Q.                                   |
| 141. Mun. St. Eugene de Grantham.               | 159. St. Catharines, Ont.                                  |
| 142. Mun. St. Alexis.                           | 160. Vulcan, Alta.   |
| 143. Mun. Citton, Mansonville, P.Q.             | 161. City of Westmount, P.Q.                               |
| 144. Rossland, B.C.                             | 162. Ogden, Que.   |
| 145. City of Revelstoke, B.C.                   | 163. Magrath, Alta.  |
| 146. Twp. of Stephenson, Ufferson, Ont.         | 164. City of Vancouver, B.C. (Parks Div.<br>Stanley Park). |
| 147. Stratford, Ont.                            | 165. Corp. of Dundas, Ont.                                 |
| 148. City of Kamloops, B.C.                     | 166. Village of Matane, P.Q.                               |
| 149. Mun. of Cleveland, Richmond, P.Q.          |  |
| 150. West Hawkesbury, Vankleek Hill,<br>Ont.    |  |
| 151. Twp. Hunsworth N. Callander, Ont.          |  |

*By Mr. Homuth:*

Q. On those that are sold by public tender the municipalities would have the privilege of tendering?—A. Yes, the tender is open to anybody.

Q. So that priority means nothing when it comes to public tenders?—A. Everything being equal, priority counts.

Q. I mean in the case of tender, one man's tender being higher than that of another; supposing there is a tender received higher than that made by the municipalities which are entitled to priorities, the highest tender would get it I take it?—A. That is correct.

*By Mr. Murphy:*

Q. These lists would include sales. Having regard to priorities. Do your record in this to whom sold?—A. I am afraid I haven't that here, I can get them picked out of the list.

Q. But at the moment you could not tell me that?—A. I am afraid not now, for a later date.

Q. I wonder if the witness will give us that information later?—A. Yes.

Q. And the equipment sold on this list, does that give the purchase price of the article that was sold?—A. By the purchase price I take it you mean the original costs?

Q. The original cost, yes.—A. I will get that for you.

Mr. SHAW: Do I understand that even although there may be requests for certain equipment by priority holders you might call for public tenders even while unsatisfied requests exist from priority holders?—A. It would appear to me that in this case that has happened, normally we do not do it.

Mr. BENIDICKSON: In other words, I notice one of my own municipalities is an applicant for a tractor. I take it that even though you had a request from them for a tractor and even after you found that tractors were available in the area, you would only offer them an opportunity of tendering for the equipment, without giving consideration to the priority application itself? Is that the system?

The WITNESS: If they were advertised for public tender they would have the same opportunity of making a bid as anybody else.

*By Mr. Shaw:*

Q. I would like to get this clear, when you call for public tenders and you have applications from priority holders, why would they have to tender?—A. I do not know the exact circumstances in this case. We may have cases, as



I have said, in which we call for tenders in spite of the fact that there are outstanding priority requests, sometimes we might do that because the priority holders had been contacted and had not replied, or had refused to meet the price asked by the corporation.

Q. What brings this to mind is this; I have certain information with respect to a claim made by a certain provincial government. They were advised that this particular commodity was not available, yet in a government workshop, this shop where they repair government owned machinery, one of these vehicles that had just been purchased by an individual came in for repairs. I do not know just what the circumstances were as to its being brought into a government workshop. I have not heard the details, but I thought that I should mention here that that situation had developed. It had to do with an aircraft, not with what we are dealing specifically now.—A. Had to do with aircraft.

Q. Yes, it is really apart from this, but the same principle applies. They applied for the right to purchase the same aircraft for forestry patrol and they were advised it was not available, but one recently purchased by a private individual came into their shop for repairs.—A. The aircraft situation is quite different from this situation, of course.

Q. However that may be, it would involve the same principle.—A. No, the aircraft situation is covered more or less by allocation rather than by individual priorities.

*By Mr. Murphy:*

Q. I wonder if the witness would take a look at this list we are on now. I have sent for a return as made to the House the other day on equipment as purchased by the General Supply Company. I do not notice their name here. The return will be up in a few minutes. I am wondering if these people—is this list complete?—A. These sales, as far as we can make them from our records, are complete as of the date of the list.

Q. As to what?—A. As of the date on the list. The date on this list is April 10.

Q. Now, as I understand these priorities, the dominion government, the federal departments have the first priorities?—A. Correct.

Q. And the provincial governments the second?—A. Correct.

Q. And the municipalities third?—A. Correct.

Q. Now then, following that through; supposing a provincial government sent an order in and a municipality in the same province or in other provinces send one in at the same price, the provincial government would get it?—A. Correct.

Q. And if you have two provincial governments sending orders in at the same time for the same equipment, how do you allocate that equipment?—A. If the equipment was located in one province, then that province would get the equipment.

Q. I see.—A. If it was outside the province, outside of either of the two provinces, then we have to ask both of them what their requirement is, and try to formulate some decision ourselves as to which is the more urgent requirement.

Q. Well then, this equipment which you list here, let us start say on page 3, the second item, Saskatchewan Reconstruction—what is that, Saskatchewan Reconstruction?—A. I understand that is a crown company operated by the provincial government.

Q. Of Saskatchewan?—A. Of Saskatchewan.

*By Mr. Benidickson:*

Q. May I ask a question about that company? Is there any resale of equipment through the Saskatchewan Reconstruction Corporation to the provincially owned corporations?—A. Recently the Crown Assets Allocation Committee recommended that priorities should only be applicable to material and equipment required by the claimant for his own use and not for resale.

Q. Then, going one step further, would this reconstruction company at Regina be classed the same for priority as the government of Saskatchewan?—  
A. Yes.

Q. Then it would be checked on the list of priorities.—A. That is an agency of the government of Saskatchewan, I believe, or a provincial government owned company.

Mr. HOMUTH: Has there been any indication that they have been re-selling?

The WITNESS: I have heard it mentioned. I have no proof of it.

*By Mr. Murphy:*

Q. Would your records show that? They would not show it, would they?—

A. My records would not show it.

Q. The sale ends the deal so far as you are concerned?—A. Correct.

Q. Has there been any question in your mind as to some provinces getting more than other provinces?—A. I have nothing on that.

Q. I notice in these \$8,100 items that there are several at the same price; you do not know whether or not there were other bids in at the same price?—

A. That I cannot tell you. If they were sold under priority the War Assets Corporation would set the price themselves by appraisal and offer them to the claimants. There would not be public bids on them.

Q. There would not be public bids on them?—A. We get ourselves into this situation, that if we advertise something for sale to the public and then at a later date we get a priority request for that item and we supply the priority claimant and then have nothing to supply against our advertised offer for sale we are in bad trouble.

Q. In connection with the sales shown on this list to the Saskatchewan Reconstruction Corporation, did you inquire as to whether these were being bought for the government of Saskatchewan?—A. I may say, Mr. Chairman, as to that ruling; "for their own use", that priority holders could exercise their priority only with respect to materials and equipment required for their own use; was made quite recently.

Q. On the same page I notice eight tractors on the list (that is on page 3) which were sold to that organization, and over on page 4 there are seven sales that were made to the same organization.

Mr. MURPHY: Also on page 5; Mr. Berry, I notice also sales of \$2,160, \$1,742, \$1,742, \$1,742—those sales were all made at the same price. That was the price set by you, was it?

The WITNESS: The price set by War Assets Corporation.

Mr. MURPHY: I was just going over the list in as much as the province of Saskatchewan seems to be getting a lot of this equipment.

Mr. McILRAITH: I think there are eighteen on this list which they got.

Mr. MURPHY: I think, Mr. Chairman, we should be entitled to know, who this company really represents, who they are; and have details as to why this particular company received so much equipment.

Mr. McILRAITH: It is a wholly owned government company, as I understand it, and they are entitled to the provincial priority. I do not know how we can get more information for the committee.

Mr. MURPHY: Oh, I think it is fairly clear. There is no doubt as to what it is.

Mr. HOMUTH: There is a whole lot of doubt.

Mr. MURPHY: No, they are deserving of the provincial government priority, instead of organizing as a department, they organized a company but it is really the government. None of the other provinces apparently have organized in that way.

Mr. HOMUTH: What about this? Let us find out.

*By Mr. Homuth:*

Q. The point we have in mind is this, here is a company which is supposed to be a government owned company and it gets nineteen tractors when there are hundreds of municipalities all over the country who want them.

Mr. McILRAITH: That is precisely the point, the difficulty.

Mr. HOMUTH: What does it do? Does it buy these tractors for resale to someone else? Do they get tractors for resale to individuals? And if they do that, I think we should find out if they are making a profit on it. There are municipalities in my province, and in other provinces deprived of the right to get a tractor when someone has been cute enough perhaps to organize a government company to get a priority?

Mr. McILRAITH: Municipalities right in Saskatchewan are up against the priority of the Saskatchewan provincial government.

Mr. HOMUTH: I think, Mr. Chairman, we should have more information as to just what this company is.

Mr. McILRAITH: I agree with Mr. Homuth. The point I am getting at is I do not know how this witness could get information about the internal affairs of the Saskatchewan government.

Mr. HOMUTH: I appreciate that, but I think the committee ought to know.

Mr. McILRAITH: It is quite clear that this provincial emanation with provincial priority has purchased a great deal, I think it is fair to say that it comes directly in conflict with the third priority claim of municipalities right in that province.

Mr. HOMUTH: Are they reselling these things?

Mr. McILRAITH: I cannot very well answer that. I know that the recommendation just pointed out by Mr. Berry was made in the Crown Assets Allocation Committee. There is no proof that they are reselling them, and I certainly would not want to make any statement that they were. I take it that the witness is not in a position that they were either. He can say, as he did, that there was a recommendation made by the Crown Assets Allocation Committee squarely on the subject.

Mr. HOMUTH: I know that my own town has an application in for a tractor and they apparently would have about as much chance as the proverbial snowball of getting one if this situation in Saskatchewan continues.

Mr. BENIDICKSON: Mr. Chairman, I have not checked—

The VICE-CHAIRMAN: Before we go any further, I take it, Mr. McIlraith, that you would be satisfied if the witness would give us as an answer as to how the Saskatchewan Reconstruction Corporation has qualified itself to be entitled to a provincial priority with the War Assets Corporation?

Mr. MURPHY: I think that might be as far as the witness could go, because as I understand it the allocation committee has made a ruling that they are entitled to this priority; that being the case, the other provinces not having an organization of this sort are at a disadvantage. I think the committee is entitled to know, as Mr. Homuth has said, whether this equipment was used by the province, and used by the province for the maintenance of roads and so on, or whether it is being resold to individuals.

Mr. McILRAITH: I want to say on the question of priorities the difficulty arises in the other provinces as well, the clash between municipal priorities and provincial priorities. There is a difficulty there which is very real, and the whole priority system presents some rather substantial difficulties. I for one would like to see the members of the committee discuss it.



Mr. BENIDICKSON: I was going to make this recommendation. We have gone over this question of government priorities, and I do not think the committee are very much opposed to them. However, it is the duty of the committee to find out whether the purpose of the priority is being abused, to make sure that the material so obtained is being distributed in the best interest of the public, without favoritism, without politics and all the rest of it. I think we would be remiss in our duty if we did not endorse the recommendation of the Crown Assets Allocation Committee, that where we are giving priorities to these governments a recommendation or a restriction should be placed on that sale by the War Assets Corporation to the effect that no other government can use its priority and then resell according to its own patronage and its own ideas. In other words, we are sitting here to see that fairness is enforced all across Canada at this level, but if we can be defeated by some provincial government corporation playing politics, whether it be with the municipalities or individuals, we are simply I think allowing things to run away from us. And I would like a recommendation that this committee make formal report to War Assets to put a restriction on similar to what they do to commercial enterprises; they say, you can have this machinery for certain purposes which we think is in the economic interest of Canada and is going to help reconstruction, but you are not going to get it for the purpose of resale for profit to yourselves.

Mr. MURPHY: What about the Department of Veterans Affairs under the Veterans' Land Act?

Mr. BENIDICKSON: I would be prepared to make an exception in the case of the Department of Veterans Affairs, because a recommendation has already been made by another parliamentary committee dealing with veterans affairs when it was found that that department had some difficulty in trying to exercise its priority.

Mr. GOLDING: If I understood Mr. Berry correctly, we do not require any recommendation at the present time, you have already taken steps to see that the priority which is exercised by the provincial governments would only apply to meet their requirements; is not that the situation?

The WITNESS: That is correct. That is the policy which has been adopted.

Mr. GOLDING: I am glad that this matter has been brought to the attention of the committee because I had intended to speak about it myself. This may not be applicable to snow plows and so on, but there was reference made in the House to a situation, I believe it was at Assinaboia where the municipality were anxious to purchase a pumping outfit, and they really needed it, and it was located right near them; but evidently the provincial government exercising their right took that pumping equipment and sent it to another municipality away from there altogether. I wonder of the witness could give us any information as to any pumping equipment which was located at Assinaboia, and whether or not he had any representations from Assinaboia for the purchase of that equipment, and what became of it. As I see it, for a provincial government to exercise its right of priority and take equipment of that kind which is located in one municipality where it is needed and then sell it to some other municipality, that does not look to me to be altogether right. As far as I am concerned I am very glad that your corporation is taking action now to see that where they are exercising their right of priority they do so for their own use. But I would like if possible to get the whole story of this pumping equipment.

Mr. STEWART: I wonder if the witness could tell us whether the government of Saskatchewan had an agent down here negotiating for material?

Mr. McILRAITH: Before we leave the question that I was on I think probably we have the answer right in the House of Commons—I find I have not got it here—that was in Moose Jaw.

Mr. STEWART: Yes, in Moose Jaw.

Mr. McILRAITH: The situation there was quite simple and practical. It is covered by the answer through an order for return which I will dig up in a few minutes when I get the chance. My recollection is that there were six machines desired by the municipality. The province came in and asserted its priority taking over four of them and the municipality did not get six of them. They were right in the municipality and were apparently urgently needed—something that had to do with their irrigation and water supply system—apparently their need was quite great and quite real; but these machines were taken up under the provincial priority and either used by the province or sent to other municipalities. That is the type of problem that comes up squarely and was very real in that case. I will try to find the actual answer and produce it for the benefit of the committee.

Mr. MURPHY: Just following that I want to revert to the question with which we have been dealing. In view of the quantity having gone to this particular organization in Saskatchewan, and apparently I haven't been through all the record—but let us take these four-wheel drive machines that were sold last fall—I think, Mr. Chairman, the committee is entitled to have a complete list of all the equipment bought by this Saskatchewan Reconstruction Corporation. It seems to me that a great deal of equipment was bought that was not used by the government of Saskatchewan. I would ask for a complete list of everything bought from War Assets by this company or by the government of Saskatchewan.

*By Mr. Stewart:*

Q. Could the witness answer my question; did not the Saskatchewan government have an agent down here negotiating with War Assets for the purchase of surplus war assets?—A. Yes.

Q. Did any other provincial government have such an agent?—A. Not to my knowledge.

Q. So that Saskatchewan was the only province which realized the importance of having a man on the job.—A. As far as I know Saskatchewan was the only provincial government that sent us a permanent man down here for a period, we did have other agents coming in and out, but Saskatchewan was the only province which had a permanent man.

Mr. HOMUTH: They also had a trade commissioner here.

Mr. STEWART: But speaking of this list, there were nineteen purchases by the Saskatchewan government, according to what Mr. McIlraith said.

Mr. McILRAITH: It is eighteen tractors.

Mr. STEWART: And here is this one company which bought eleven tractors; but on pages four and five we see Wilkinson & McClean of Edmonton got twelve tractors; and C.V.T. at Calgary and other points got quite a few. If there was objection to the province getting nineteen, why should a private contractor at Edmonton be able to get twelve?

Mr. SHAW: Mr. Chairman, I was going to refer to the same thing. Adjacent to Calgary we have a number of public bodies, six municipalities, who had requests in for tractors. There is no record here of these six municipalities, with the exception to the one to which I refer, getting a tractor, yet I notice that one outfit in Calgary got as many as eight. Similarly at Edmonton, there were a number of adjacent municipalities who had requests in but so far as I can see from this list none of them got any of these tractors. I would ask that this matter be examined into. There may be some just and valid reason for it. I would like to know, because three of these municipalities are in my constituency and they have all written to me from time to time, and when they see a report

of this character they are going to be unduly hostile unless some explanation is given.

*By Mr. McGregor:*

Q. There are here on this list some 166 municipalities which have priorities over dealers, is that right?—A. Correct in principle. With the exception of those contractors who are employed in the building of houses or on urgent construction work.

Q. All right then, how many of these 166 have received tractors, and how many on this list here have received tractors that have a lower priority than those on this list.

Mr. McILRAITH: To which list do you refer?

Mr. MCGREGOR: We have a list here of the application from the municipalities for tractors, and what I want to know is how many of these municipalities have received tractors; and then we have another list here, a list of tractors sold, and tractors and equipment sold by the construction equipment section. I want to know how many on that list have received tractors who have a lower priority than the list of municipalities. I do not suppose you can give us that here to-day. And I have another question here; I would want to see the different prices that this stuff has been sold at, and I would like to ask how you arrive at the selling price of these tractors; you have got nothing in here to show what these tractors cost. I would like to know how you arrive at the selling price?

The VICE-CHAIRMAN: You are not able to answer?

The WITNESS: Not at the moment.

The VICE-CHAIRMAN: Are there any other questions on this particular topic?

*By Mr. McGregor:*

Q. You cannot answer that question now?—A. No, but I will prepare the answer.

Q. Here is one that I want an answer to; there is an item down here of a D-2 Caterpillar Tractor which you sold to the Franciscan Fathers at Montreal. That is on the first page. I would like to know how you arrived at the price of that particular tractor, because the serial number of this is 5J5839, and many of the other tractors which have an older serial number—ones as high as 2750 and there is another one there 2356. I cannot understand why a tractor bearing serial 5J5072, which is almost eight hundred tractors behind the other one, was sold for a thousand dollars less, the older model was sold for \$2,700—A. It is possible that one of those machines was kept in reserve, part of the reserve stock, it might have had no usage. This particular machine sold at \$1,200 may have been used in a gravel pit.

Q. I notice that while these machines with older serial numbers sold for as much as \$2,750, they were all earlier model machines and I would just like to know why that is. And I would like to know why the dealers were sold those machines and the municipalities did not get them. Another question here, I see at the bottom of page 4 a D-4 tractor sold to Western Construction Company—from the look of this it looks like a lump sum.—A. Three tractors were included, a D-4 Caterpillar, a D-7 Caterpillar and a WRK-6 industrial traction outfit. These three were sold as a deal at \$15,610.

Q. On these three at least I would like to get the new price, and I would also like to know how you arrive at the cost of these tractors.

The VICE-CHAIRMAN: Will you proceed with the next question, Mr Berry?

The WITNESS: The next was a question asked by Mr. Probe.



Have any freight charges been paid by the corporation for shipments from the location of the equipment to the purchaser's destination? Have there been any exceptions to the corporation's general policy of selling equipment and material on an "as is where is" basis?

*Answer*

The general policy of the corporation regarding freight charges is to dispose of surplus crown assets "as is where is" except where it is the custom of the trade dealing in the particular material involved to quote their customers f.o.b. certain definite locations and in these cases we offer materials on the same terms. As an example the steel industry quotes prices f.o.b. Montreal, Toronto, Hamilton, etc. This means that the corporation equalizes freight to these points. Freight is also paid by the corporation in certain cases when one line of surplus is in more than one location and to fill a customer's order shipments to him are made from two or more locations. In order that the customer may compete on an even basis with other purchasers of the same items who have drawn their purchases only from the nearest location, shipping charges are paid on materials from the more distant points.

Further, and in addition to the foregoing, our records show that the following sums have been paid to move surplus to locations where a market existed:—

Contractors' equipment and miscellaneous stores moved from Goose Bay, Labrador, to Montreal	\$62,756.83
Vehicles moved to auction spots.....	9,737.00
Miscellaneous goods moved to auction spots.....	2,171.00
Goods returned from U.S.A. to Canada, principally machinery and technical instruments.....	726.00
	<hr/>
	\$75,390.83

MR. MURPHY: Mr. Chairman, before we go into that I wonder if you would permit me to revert to clear up one or two questions?

THE DEPUTY CHAIRMAN: Yes, if they are short.

MR. MURPHY: Yes. First, did any of this equipment have attachments to it such as bull-dozers and angle-dozers or anything like that?

THE WITNESS: I should imagine so, yes. I can not speak authoritatively on that.

MR. MURPHY: It might be some satisfaction to the members of the committee if we knew that from now on the priority method was going to be followed as outlined by the witness, and that before any of these advertised sales are made to private individuals, municipalities will receive some consideration. Also, I wonder if it would be possible for us to get a list of the tractors that are now on hand and that have not been sold? The reason I asked that is that I think every member of this committee is interested and has received many inquiries about tractors, and about this tractor equipment such as bull-dozers and angle-dozers and so on.

MR. BENEDICKSON: I think we had better have a clear understanding on this. I am not sure in my mind that the members of the committee understand that equipment of this kind is to be continued to be sold on a strict basis of priority. I would understand that priority would be given to a government agency where the corporation set the price, but I would say that where tenders were being asked for the equipment that the highest bidder would get it irrespective of priority, and that the priority applicant would only get the equipment if he had equalled the price of the non-priority holder?

Mr. MURPHY: That is true.

The WITNESS: Could I just answer there? There is a further category in relation to construction equipment, and that is to contractors and others working on urgent housing programs whereby we would give them priority on suitable certification over and above provincial and departmental priority.

*By Mr. Shaw:*

Q. Is it true, Mr Chairman, that where the price is set the priority operates, but where the price is not set priority does not operate; is that correct?—A. No. To make priorities function we have to set a price and offer them to priority claimants at that price.

Q. Yes, that is exactly what I had in mind, that is where you set the price. Are you required to set the price?—A. We must set the price.

Q. Market?—A. We must set the price otherwise the priority claimant does not know what he is going to pay.

Q. Yet you have groups of commodities which you sell by tender on which you do not set a price—why?—A. If we sell a group of commodities by tender, then we try to establish the going market price by getting bids from the public as to what they are prepared to pay for them.

Q. In other words when you are not sure of the price, you call for tenders?—A. If I have priority claims to fill I cannot call for tenders. Once I have advertised something for sale to the public I must, in order to honour that advertising, have material available to supply bids.

Q. My concern was simply this, if you are not obliged to set a price on priorities, but on sales not on priorities you get bids to fix the price.—A. In the case of priority claimants we must set the price ourselves.

Q. Suppose you have a tractor and you have applications from many public bodies asking for tractors, are you forced to set a price on that tractor?—A. We must set a price on it before we can offer it on priority.

Q. The point is you are qualifying your answers in every case.—A. But we have to set a price on it to go to priority claimants.

Q. Then it amounts to this, that when you have priority claimants for tractors you have to fix a price on those tractors and then offer them to the priority claimants?—A. Correct.

*By Mr. Murphy:*

Q. Who sets the price?—A. We have reasonably qualified appraisers in our employ.

Q. The reason I asked that was because there are so many items on this list that are valued at the same price, what was the reason for that?—I was just wondering where the serial numbers vary so greatly how you would arrive at a point where you could say that one was worth \$2,000 and that another was worth \$2,010?—A. It is a difficult question.

Q. In other words, the evaluation is more or less a rough guess in round figures?—A. The valuation must be a reasonable guess. It cannot be precise because we could not go out and examine each machine minutely and take them to pieces and see how much wear there is on the journals and so on, to find out how much they are worth and how much it would cost to repair them.

Q. I thought you might have the figures on some of them, for instance, those sold to the Saskatchewan Reconstruction Corporation, that should be easy to figure. And, I wonder if you could give us the amount of equipment attached to them, bull-dozers and angle-dozers?—A. You mean, go through the entire list here?

Q. No, just give us an idea how many would include an angle-dozers, and what they were worth.

Mr. GOLDING: That information has been given before.

*By Mr. Benidickson:*

Q. I am still not satisfied that I understand exactly the answer given by the witness to Mr. Shaw. Is the witness saying that provided his office had on record a priority application that they would in no instance offer such equipment for sale by tender?—A. There might be a mistake made somewhere and that might be done, but it is against the policy of the corporation to do that.

*By Mr. Shaw:*

Q. What I am getting at, Mr. Chairman, is in respect to these sales to construction companies; these new business firms are engaged in let us say home building projects, they do not get these tractors until after they have been offered to the priority holders, such as the municipality; take, for instance, Vulcan, and other places near there; is it correct that they have a chance to get these before those two firms got them, unless those firms are engaged in such a project as home building?—A. Without examining the files, if you had stated "they should not", then I would agree, they should not have got them.

Q. It is possible, however, in spite of the fact that they should not; they may have?—A. Until I examine the files I could not say, but they should not have done under our priority rule.

Mr. MCGREGOR: Take this list here. Mr. Murphy was asking about the number of attachments that go with these tractors. Don't you think it is fair when producing a list of that kind, and you are submitting it before this committee, for them to go further and say what they have on them. Many of them would at least have attachments on them. All we get on this thing is just the selling price. You know very well that we are also interested in the cost just as much as the selling price. I think it should be drawn up so we can understand. For instance, take one of these tractors. I venture to say any one of them had a dozer on them which would run anywhere from \$1,600 to probably \$3,500, on each one of these machines. And now, how do we know whether that is a tractor or a tractor and a dozer, or what it is.

Mr. McILRAITH: That was answered the other day.

Mr. MCGREGOR: I happen to know something about those tractors. I know that when you go to the trouble of getting the serial number on these tractors, it is not very much more trouble to indicate whether there is a dozer attachment to them or not. The information is all on the same sheet and you could get it out and tell us what it comes to. I do not think there is very much more work in producing a real intelligent sheet than there is in producing something that, like here, is worth nothing. The only information we can get out of this thing is just the tractors and the amount paid for them.

Mr. MURPHY: We should also know what we paid for them.

Mr. MCGREGOR: Yes, what they paid for them. We do not know what they paid for them.

The WITNESS: I have replied to the question as asked. If further information is required I shall be glad to get it.

The VICE-CHAIRMAN: I feel that Mr. McGregor should not have gone as far as he did just now. He is perfectly within his right in asking for supplementary information if in his opinion the answers made to this committee are not sufficient for his purpose.

Mr. MCGREGOR: Someone here says we know what they paid. We know what they paid, but we do not know what they cost. For instance, we do not know whether they got a tractor, or whether they got a tractor with an attachment worth \$3,500 on it, and, furthermore, that tractor may have a winch on the back or something like that that cost another \$1,200 or \$1,500 or \$1,600. What does a sheet like that mean to us when we do not know exactly what is on it. I think the whole thing should be given.



Mr. GOLDING: Is that not the answer to the question as it was asked?

Mr. MCGREGOR: Pardon?

Mr. GOLDING: That is the answer to the question as it was asked.

Mr. MCGREGOR: Maybe it was, but it is a pretty good way of evading questions.

Mr. McILRAITH: It is not a matter of evading.

Mr. MCGREGOR: Maybe it was, but it is a very good way of evading questions.

Mr. McILRAITH: It is not a matter of evasion. I do not think any charge of evasion is justified on a question like this. A specific question was asked and a specific answer given. If the honourable member (Mr. McGregor) wants more information he knows how to get it. He should not make accusations against the witness.

Mr. MCGREGOR: As I said before, I am not accusing the witness of doing anything. I know the position of the witness, that he has given the answer he was asked to give. If I were trying to accuse you I might be a little more in line.

Mr. McILRAITH: And I would know what value to put on the accusation in any event.

The VICE-CHAIRMAN: Quite.

Mr. MCGREGOR: Maybe you would, maybe you would not; but I think it would be a good idea while we are getting the balance of this just to follow up and find out the position of these 165 municipalities that have been looking for tractors. Some of them may still be looking for them. They are supposed to have priorities, but when we look at this list here we find that private contractors get them and that the priority holders apparently haven't got a chance.

The WITNESS: Let me point out that some of those priority requests may have been received later than the date on which these sales were made. I do not know. There are so many permutations and combinations in this thing that to find a complete answer, or to try to answer every question asked, is just about impossible.

Mr. LALONDE: I am afraid, Mr. Chairman, that we had better instruct the members on how to put more definite questions.

Mr. REID: On page 1, I notice there the Power Equipment Company at Port Arthur who bought a D-2 Caterpillar tractor for \$2,750; were these tractors new, and did any priorities apply in favour of the Power Equipment Company at Port Arthur?

The WITNESS: I will be glad to find out the answer to that for you.

Mr. BENEDICKSON: While that is being checked, Mr. Berry, could you inform me at the same time whether any of these factors were offered to the municipalities of Kenora or Jaffray Mellik whose names I note on the list of applicants for tractors.

Mr. MURPHY: If this family combine down here at the head of the table will stop talking we could get going. It is understood, Mr. Chairman, that we will have the information Mr. McGregor has asked for, the purchase price of the equipment, the attachments with the tractors, and also a list of the equipment on hand and not sold?

The WITNESS: Yes.

The VICE-CHAIRMAN: Questioning is now on the answer which the witness has given to the question asked by Mr. Probe, relating to freight charges paid by the corporation for shipments from the point of origin of the equipment to the point of sale or purchaser's destination. The answer has already been given. Is there any discussion?

*By Mr. Black:*

Q. There is some information I would like to have. I got a return early in the session regarding Ordnance storage equipment at Amherst, Nova Scotia. They occupied the premises of the Maritime Winter Fair, right through to the end of hostilities. The officer in charge told me that they had \$7,000,000 worth of supplies there at one time. That material was all shipped away, all the Ordnance material that was left was shipped away from Amherst. The information I would like to have is where it went to and what became of it, and why some of it that was for disposal was not sold or disposed of at the place of location. Many carloads of it were shipped away. I would like to have that information.—A. I believe that question was asked on the floor of the House, was it not?

Q. No, certain inquiries have been made before the committee, but not in the House, at least by me, it may have been asked by some other member.—A. I think we are working on an answer to that specific question now. It is in my office at the moment.

Mr. BLACK: That is satisfactory. The witness has given certain information to-day regarding freights that were paid on the transport of material. If he can get it without too much effort in connection with the transfer of this material at Amherst to wherever it was shipped, and what has become of it, I would like to have that at the same time.

Mr. MCGREGOR: Do I understand that the figures given by the witness a few moments ago are only freight bills paid by the corporation on goods shipped from one place to another?

The WITNESS: Probably I should read the answer again.

Mr. MURPHY: Read the question, too.

The WITNESS: The question was:—

Have any freight charges been paid by the corporation for shipments from the location of the equipment to the purchaser's destination. Have there been any exceptions to the corporation's general policy of selling equipment and material on an "as is and where is" basis?

*Answer:* The general policy of the corporation regarding freight charges is to dispose of surplus crown assets "as is where is" except where it is the custom of the trade dealing in the particular material involved to quote their customers f.o.b. certain definite locations and in these cases we offer materials on the same terms. As an example, the steel industry quotes prices f.o.b. Montreal, Toronto, Hamilton, etc. This means that the corporation equalizes freight to these points. Freight is also paid by the corporation in certain cases when one line of surplus is in more than one location and to fill a customer's order shipments to him are made from two or more locations. In order that the customer may compete on an even basis with other purchasers of the same items who have drawn their purchases only from the nearest location shipping charges are paid on materials from the more distant points.

Further, and in addition to the foregoing, our records show that the following sums have been paid to move surplus to locations where a market existed:—

Contractors' equipment and miscellaneous stores moved from Goose Bay, Labrador to Montreal..	\$ 62,756.83
Vehicles moved to auction spots.....	9,737.00
Miscellaneous goods moved to auction spots..	2,171.00
Goods returned from U.S.A. to Canada, principally machinery and technical instruments..	726.00
	<hr/>
	\$ 75,390.83

*By Mr. Murphy:*

Q. This does not apply to the equipment of the type we have been discussing this morning?—A. That is the general policy the corporation follows in the matter of paying freight for purchasers.

Q. If we were to ask you for any equipment moved out of Hamilton, say, would you be able to give us a list of what was moved to your own warehouse or sold?—A. You refer to the equipment moved out of the Otis-Fensom building. I think we could provide you with a statement on that.

Q. You would have a list of the equipment, what was asked for it, what was sold if any, and what was moved out by way of delivery to purchasers?—A. That could be prepared on equipment. It would be very difficult for us to prepare it in relation to materials that were used in the construction of guns in that plant, for instance.

Q. I am not speaking about small items. That was purchased by the Studebaker Corporation?—A. Yes, it was purchased by the Studebaker Corporation.

Q. I wonder if we could get a list of the material that was moved from there. You took over in 1943, or whatever time it was?—A. The War Assets Corporation took over, I think, late in 1945.

Q. I mean there would be some other government agency take over prior to that?—A. The Department of Munitions and Supply were operating the plant through an agent.

Q. Yes. Well then, when the operators were through with it you would have a list of the equipment?—A. As we go into a plant we list the equipment that we find there.

Q. And you would be able to give us a list of everything shipped?—A. We could give you a list of the equipment we have moved from that plant, not the materials.

Q. That is it. I wonder if we could have also a list of what is there?—A. At any specific time?

Q. At the time you took it over.—A. We might be able to get you that.

Q. When the sale was made.—A. Studebaker has taken over and they are in the process of buying certain pieces of equipment from us now, so at no time has it been static so that you could give an account as of a certain time.

Q. If you will furnish that, please.—A. Yes.

*By Mr. Shaw:*

Q. When War Assets take over a plant which has been operated by the government or by an agent of the government for the government, the corporation simply takes a statement of what they find there, or do they take the books of account and record and see what went into that plant?—A. If the corporation is provided with an inventory of what is supposed to be in the plant the corporation checks against that inventory and indicates the shortages.

Q. But you do not check back to discover what may have gone into that in the way of equipment, machinery and so on?—A. No, I will restate the position. If we are provided with a list of what is supposed to have been in a plant, what we are supposed to find in a plant, then we check against that list.

Q. My question went beyond that, though.—A. If there is no list provided we report purely what we find in the plant when we go in.

*By Mr. Stewart:*

Q. How often are you provided with inventories?—A. I could not tell you off hand. Is that in relation to production material or equipment?

Q. Suppose you take over a plant in which the government are interested, are you supposed to inventory it?—A. It is quite an involved question because of the fact that equipment and materials are in three or four categories. As



far as equipment is concerned I believe there are lists available of the equipment that should be in the plant. So far as the materials in the plant are concerned we have been operating on a plan A and a plan B. Under plan A we go into a plant. We take what we find and we report on it. Under plan B an inventory is provided to us of the crown owned material in that plant and we check against that inventory.

Mr. SHAW: Mr. Chairman, what I had in mind is this; supposing a plant has been operated by a crown company, I have a manufacturing establishment, and the activities come to an end and a declaration has been made to the War Assets Corporation; what guarantee is there that certain equipment will not be moved from that plant—of course, I would not do anything like that—what guarantee is there against the removal of certain equipment in that plant by the operator before it is declared to War Assets?

Mr. McILRAITH: This witness would not know that. This witness deals with them only after they have been declared surplus to War Assets. By the way, plan B only is in use now, is it not?

The WITNESS: Yes.

Mr. McILRAITH: The only difference between the two systems is the point at which the plant is declared surplus, whether it is before the contract settlement branch has finished their work, or after. It is just a matter of whether the list is prepared before declaration as surplus or after. Isn't that what it comes to?

Mr. SHAW: I ask Mr. McIlraith then, Mr. Chairman, the organization is so clear cut there is no opportunity for the fear that the operator of the plant might remove certain equipment before declaration is made?

Mr. McILRAITH: That is right. That is an audit job.

Mr. SHAW: They will take a check on what went into the plant?

Mr. McILRAITH: Yes. There are two plans here, the one that is being used now, most roughly put—I think I am right in this—the contract settlement branch work in that case has been finished before the declaration of surplus is made. The other plan is where the declaration of surplus is made before the other branch work is finished.

Mr. MURPHY: Suppose there is a shortage?

Mr. McILRAITH: It is caught in the audit.

Mr. MURPHY: Have you any records of any shortages?

Mr. McILRAITH: I do not know whether there have been any; certainly there has been nothing serious that I know of.

The WITNESS: I have a statement on shortages which I hope to file later this week or early next week.

Mr. McILRAITH: That question of shortages was put with respect of War Assets, that is coming forward.

The VICE-CHAIRMAN: Have you any other answers?

The WITNESS: There was a question asked by Mr. Jackman on May 5, as follows:

Investigate policy of U.S.A. regarding the setting-aside of enough equipment to satisfy all priority demands now and in the future and selling the remainder immediately.

*Answer*

I am quoting from a letter received from the Ottawa office of the Foreign Liquidation Commissioner, U.S. Department of State.

"This office has been informed by Washington that War Assets Corporation of United States does not have any policy established in

which surplus property would be set aside in given quantities for priority buyers. However, such a policy has been under consideration.

War Assets Corporation of United States has tried in certain instances to set aside surplus property for priority buyers and results of this test have been unsuccessful."

Mr. SHAW: I would think, Mr. Chairman, that it would be bad policy to anticipate that year hence that certain priority claims might be made for such equipment. I doubt if we could go into the United States and learn anything that would benefit us when it comes to the matter of disposal, at least from what I have read and heard.

Mr. McILRAITH: They have tried to copy our system since the beginning of the year.

Mr. SHAW: I think we have all seen photographs of thousands of automobiles lined up over there kept from month to month rotting on the spot.

The VICE-CHAIRMAN: The next question, please.

The WITNESS: The next question was asked by Mr. Probe, there are four questions.

### Questions

1. What number of Norsemen and Fleet aircraft have been sold by the Corporation as at February 1, 1946?
2. What was the cost of these aircraft?
3. To whom were they sold and at what price?
4. What commission or discount was made and to whom?

### Answers

1. Fifteen (15) Norsemen sold at total price of \$230,000.00. One hundred and eighty-seven (187) Fleet aircraft sold at total price of \$46,950.00
2. Cost of Norsemen varies from \$32,000.00 prewar to \$51,000.00 for war contracts.

Cost of Fleet aircraft to the Government in the neighbourhood of \$8,000.00 each.

### 3. (a) Norsemen Aircraft

1 Canadian Pacific Airlines.....	\$ 13,000
1 Imperial Oil, Toronto.....	15,000
1 Mr. F. H. Wheeler, Gray Rocks, P.Q.....	32,000
1 M & C Aviation, Sask.....	15,000
1 Waite Fisheries, Sask.....	15,000
1 Austin Air Service, Toronto.....	13,000
1 Province of Quebec.....	14,000
1 Canadian Pacific Airlines.....	13,000
1 Mackenzie Air Service.....	13,000
1 Yukon Southern Air Service.....	13,000
1 Pohannesson Air Service, Winnipeg.....	14,000
1 Thunder Bay Airlines, Ft. William.....	15,000
1 Saskatchewan Reconstruction Corp.....	15,000
1 Saskatchewan Reconstruction Corp.....	15,000
1 Thunder Bay Airlines, Ft William.....	15,000

### (b) Fleet Aircraft

	\$230,000
185 Machines to the Chas. Babb Co. at a unit price of.....	\$ 250
1 to Mr. R. B. Faucett, Stoney Creek, Ont....	200
1 to G/C Bell-Irving, Vancouver.....	500
	<hr/>
	\$46,950

4. No commissions or discounts were paid on either Norsemen or Fleet Aircraft.

*By Mr. Murphy:*

Q. Take section (b) to answer No. 3, Mr. Berry; you have here 185 machines with a unit price of \$250; is the commission on that sale \$46,150?—A. No commission has been paid.

Q. The 185 machines were sold to the Chas. Babb Company at a unit price?—A. Of \$250 each.

Q. That is for aircraft, is it?—A. For 185 aircraft sold to the Chas. Babb Company at \$250 each.

Q. I mean, the sale price of these 185 aircraft was \$46,150?—A. Yes, if that is 185 times \$250.

Q. Were these sold by tender, and was all this equipment in these aircraft? A.—Yes. As far as I know none of them were sold by tender.

Q. Was that value placed on them by somebody in War Assets?—A. Yes, Norsemen aircraft are sold on allocation, not priorities, but allocations; and the Fleet aircraft were sold to the best advantage to the people who wanted them.

Mr. McILRAITH: Does not the point arise of their airworthiness?

The WITNESS: Airworthiness and other complications. The price of planes is set by War Assets Corporation after individual examination of the plane by qualified engineers.

Mr. McILRAITH: Just clear this point up. Is the Fleet here an obsolete aircraft that was replaced at some later time by the Tiger Moth, and then the Tiger Moth became obsolete and was replaced by the Cornell?

The WITNESS: I believe the Cornell was the last one.

Mr. McILRAITH: I think it is the third type of aircraft back from the point of view of modernity. I just mention that in order to distinguish between them and other types.

*By Mr. Murphy:*

Q. Take this Fleet aircraft, did they have the panel instruments on them, for instance, such as you would find on most aeroplanes?—A. I presume so, yes. But only the instruments necessary for the operation of that particular plane.

Q. And the cost price of these was \$8,000?—A. That is the statement I have given you.

Q. And they were all sold on allocation?—A. The Fleet aircraft, I think I said, were sold for the best bids we could get.

Mr. REID: What do you mean by allocations?

The WITNESS: To meet the demands of operators of air lines, and in some cases provinces who required them for their own particular services. There was no priority on these planes.

*By Mr. Murphy:*

Q. Who would determine the price at which they were sold?—A. War Assets Corporation.

Q. Is someone competent to evaluate?—A. Yes.

Q. Were there any other bids on these Fleet aircraft besides the one made by Chas. Babb Company?—A. That I do not know, but I will find out.

Q. You might give us a comparison with respect to the one sold to Bell-Irving in Vancouver for \$500.—A. All right.

Mr. BLACK: Also the one sold to Mr. Wheeler where I see he paid \$32,000 where the other people only paid \$13,000.

Mr. McILRAITH: That was probably a better aircraft.

Mr. BLACK: Apparently advantage was taken of Mr. Wheeler.



Mr. GOLDING: That depends on what sort of a plane he got.

Mr. BLACK: They are all of the same model.

Mr. GOLDING: Some of them might be badly used, and some might be new, and so forth.

The VICE-CHAIRMAN: This completes this particular question, shall we ask the witness to proceed with the next one?

Mr. MCGREGOR: I notice here it says in the neighbourhood of \$8,000 each. Just why is that "in the neighbourhood of \$8,000 each"? Why do you put in a figure like that, "in the neighbourhood of \$8,000 each"?

The WITNESS: I have not seen the actual figures making that up, but contracts were made during the war for the building and manufacture of planes at varied prices.

Mr. McILRAITH: You can only average the price. If you have certain aeroplanes manufactured by one contractor, some may have been destroyed and they were replaced by another aeroplane of a similar model but probably under a different contract; so it is quite impossible to give you the price in dollars and cents on each aircraft, virtually impossible. I suppose it could be done, but it would mean going away back if you have to go and work out the price of the plane and the cost on each contract. You can get an average price quite easily, but to get a precise price on each particular plane is quite a problem, because you cannot tell very easily without a lot of checking back into the records of each particular plane to see which was destroyed in a crash and which particular one was sold. You can see that.

Mr. MURPHY: I think, Mr. Chairman, in view of these aircraft having cost \$8,000 apiece and being still fully equipped, being sold for \$250—would they be flown to a certain airport and sold there by auction? I mean, they were sold.

The WITNESS: I will be glad to prepare a statement on those sold to Babb Company if you like, the exact circumstances surrounding it.

Mr. MURPHY: I assume that these machines were in condition to be used?

Mr. McILRAITH: They can't fly.

Mr. SHAW: Why?

Mr. McILRAITH: They are not airworthy.

Mr. MURPHY: I am speaking of the equipment on an \$8,000 machine. I cannot understand why it should be sold for \$250. I wonder if Mr. Berry could give us anything on that?

Mr. McILRAITH: I see your point.

The WITNESS: Yes.

Mr. SHAW: I see that the Norseman cost \$32,000 each prewar, and \$51,000, post-war; would that be because of the fact that during the war they were being manufactured in a crown company?

The WITNESS: I do not think that is quite fair. I think you will find that in order to equip the Norseman for wartime use considerable improvements were made.

Mr. SHAW: I was not very serious, Mr. Berry, but I could not miss the opportunity.

The VICE-CHAIRMAN: The next question.

The WITNESS: Mr. Stewart requested that I make a statement regarding the advertising procedure of the corporation. I have prepared such a statement, it reads as follows:—

## ADVERTISING PROCEDURE

The following is the procedure with respect to advertising of surpluses by War Assets Corporation:

Advertising is placed by both head office and branch sales offices for goods which are sold direct by the corporation to end users.

Head office places advertising mainly for vessels, airplanes, industrial lands and buildings and construction equipment. Advertising by branches usually is for buildings without land and some smaller vessels.

In general, advertising is placed in publications circulated in the areas in which a market for the material is expected to be found. The extent of circulation of the advertisement is determined in consultation between the advertising department and the relevant head office division, the publications to be used being determined on the basis of—

- (a) The expected demand for the material to be advertised, and
- (b) The prospective cash return to the corporation from its sale.

For example, various types of ships, tugs, lighters, barges and other craft have been advertised on both Atlantic and Pacific coasts, along the St. Lawrence River and the Great Lakes, while in the case of smaller craft, such as patrol boats, tenders and crash boats, the advertising coverage has been extended farther inland.

Industrial plants have been advertised in the locality in which they are situated, as well as in other industrial areas, depending on the prospective market for such plants.

Buildings for removal from the site, including temporary structures built in conjunction with industrial plants, as well as huts and other buildings erected for the armed services, usually are advertised only in their immediate vicinity, in both daily and weekly newspapers.

Airplanes which are airworthy and licenseable by the Department of Transport are advertised from coast to coast in daily papers and in trade publications. Other aircraft, not suitable for air use, and of value only as salvage or for scrap, are advertised in the provinces in which they are located.

Periodical calls for tenders for construction equipment are advertised from coast to coast in daily newspapers and suitable trade publications.

All head office advertising copy is prepared by the advertising department, and is placed through an advertising agency. Similarly, branch sales office advertisements are prepared in the branches and placed through the agency.

*By Mr. Shaw:*

Q. Mr. Chairman, in connection with these aircraft engines that we were discussing some time ago. I noticed an ad in the Montreal papers pertaining to aeroplane engines at \$12 to \$15 apiece. Imagine in that case a buyer would have to pay freight for any engines he bought, that they were offered on a basis f.o.b. site?—A. Correct.

Q. I just wondered if it was good business to advertise in out of town papers in a sale of this kind where these engines were only worth \$12 to \$15 apiece and when you might have to pay freight to deliver them.—A. We would not pay freight.

The VICE-CHAIRMAN: The next question.

The WITNESS: The next question was asked by Mr. Smith, on May 21st:—

Do aircraft engines, when sold, include the usual accessories such as magnetos?

*Answer*

Engines as advertised are sold without accessories. In some cases, where engines are taken over already boxed, accessories have been found attached to the engines, or lying in the crates. Such cases are an exception, and the corporation has no way of checking on this unless we open every engine case. Under these circumstances, it is not considered that the expense of unboxing and examination is warranted.

*By Mr. Shaw:*

Q. Were these the original crates?—A. Some of them I believe were the original crates; others are engines which had been boxed by the R.C.A.F.

Q. I see. I thought that in most cases the firm which ships the engine put a statement on the crate as to the contents. I may be wrong in that.—A. I believe in general the manufacturer has a standard engine which he ships less most of the accessories, and the accessories are installed at a later time after the engine is received.

*By Mr. Murphy:*

Q. I think that question arose because of an ad which appeared in the paper. I think that statement was made here at a previous meeting. You do not know whether the engines you advertised had magnetos or any other accessories accompanying them?—A. Normally they would have no magnetos or other accessory equipment attached to them.

Q. But these might have?—A. You might get the odd one where a magneto happened to be on the engine.

Q. There is no check to find out whether engines advertised at that price in that ad, had any magnetos attached; they may have had them, you would not know?—A. The odd one may have had one on.

*By Mr. McGregor:*

Q. Some of these engines may have been new?—A. Some of them might have been new, we haven't checked precisely.

Q. You were going to get us the cost of the Rolls Royce, can you tell us the cost of the Rolls Royce now?—A. I haven't got that here. That was another question. I am sorry. I missed that part of it.

*By Mr. Murphy:*

Q. Would you also let us know what the results of that ad were, what sales were made?—A. I will try to get you that.

Q. And you might be able to tell us whether they had magnetoes or other expensive equipment on them, they might have had another couple of hundred of dollars' worth of attachments.

The VICE-CHAIRMAN: There is just one question left, gentlemen; if you will permit the witness to go ahead with his answer.

The WITNESS: This was a question asked by Mr. Jackman on May 31:—

What disposition has been made of the R.C.A.F. training centre on Church street in the city of Toronto?

*Answer*

Land and buildings known as the Ontario Normal and Model School, formerly known as No. 6 Initial Training School, bounded by Gerard, Church, Gould and Victoria street, Toronto, Ontario, leased from the province of Ontario, were reported surplus by Department of National Defence for Air on July 10, 1944.

This property was transferred to the Department of Public Works, province of Ontario, under terms of P.C. 5302, on July 22, 1944, in settlement of the Crown's obligations under the terms of the lease.



Mr. MCGREGOR: I asked you the other day to give us a report on the disposal of the air storage space at the foot of Yonge street. Have you got a reply to that here?

The WITNESS: That is being prepared now.

The VICE-CHAIRMAN: The witness has now exhausted the list of questions.

The WITNESS: I have other questions, but I have not been able to get the answers to them all yet.

The VICE-CHAIRMAN: Then our next meeting shall proceed with the witness answering questions which will then be ready, and after that he will proceed with the reading of a statement on the policy of the corporation on ship sales.

Mr. MCGREGOR: I understood that we were to receive a report on the whole boat-building program to-day.

The VICE-CHAIRMAN: At the last meeting I mentioned on adjournment that we would proceed to-day with the answers to questions which had been left outstanding, and that if we should exhaust that list before the end of the meeting we would proceed with a statement on ship sales. We could not do that, we have used up our whole meeting answering questions.

The committee stands adjourned until 11.00 o'clock a.m. next Thursday.

Gov. Doc  
Can  
Com  
W

Canada War Expenditures - 1946

(SESSION 1946  
HOUSE OF COMMONS)

DEPARTMENT OF THE  
UNIVERSITY OF TORONTO

CAIXC2

- 46 W12

SPECIAL COMMITTEE

ON

# WAR EXPENDITURES

AND

# ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

THURSDAY, JUNE 6, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation





## MINUTES OF PROCEEDINGS

THURSDAY, June 6, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Cote, presiding.

*Members present:* Messrs. Benidickson, Black (*Cumberland*), Bradette Cote (*Verdun*), Golding, Homuth, Isnor, Marier, Marquis, Murphy, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*).

*In attendance:* Mr. J. H. Berry, President, War Assets Corporation, and other officials of the Corporation.

The Vice-Chairman tabled a communication from Mr. H. F. Gordon, Deputy Minister of National Defence for Air, in answer to a question by Mr. Stewart, respecting the mutilation of batteries at No. 1 Equipment Depot.

*(Printed as Appendix "A" to this day's Minutes of Evidence).*

Mr. Berry was recalled. He presented a statement on War Assets Corporation's operations in the disposal of marine craft, and was questioned thereon.

At 12.45 p.m., witness retired and the Committee adjourned until 11.00 a.m., on Tuesday, June 11th.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 6, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Deputy Chairman, Mr. P. E. Cote, presided.

The VICE-CHAIRMAN: The Chairman of the committee has received a communication from the Deputy Minister of National Defence for Air. I will ask the clerk to read that communication and distribute the memoranda attached to same.

The CLERK:

### DEPARTMENT OF NATIONAL DEFENCE FOR AIR

#### OFFICE OF THE DEPUTY MINISTER

OTTAWA, 30th May, 1946.

Gordon B. Isnor, Esq., M.P.,

Chairman,

War Expenditures and Economies Committee,

House of Commons,

Ottawa.

Dear Mr. Isnor,—Please be referred to the question of Mr. Stewart, page 295 of Minutes of Proceedings and Evidence of the War Expenditures and Economies Committee No. 11, with regard to the mutilation of batteries at No. 1 Equipment Depot. You informed Mr. Stewart that I would be directed to submit a report on the representations of Dr. Boris Sherashevski which appeared in the *Winnipeg Free Press*.

Attached is a copy of a report submitted to me by W/C E. G. Mahoney under date of May 29, together with a statement of stock converted to produce at that depot during 1944-45 and 1945-46. Attached also is a copy of a statement obtained by W/C Mahoney from Solway & Sons Ltd., together with a communication addressed to Dr. Sherashevski under date of the 28th instant. Included for ready reference is a copy of the article which appeared in the *Winnipeg Free Press*.

Respectfully submitted.

Yours very truly,

(Sgd.) H. F. GORDON,

Deputy Minister.

*Enc.*

(See Appendix A)



The VICE-CHAIRMAN: As there are no answers readily available to questions that have been left outstanding I would ask our witness to proceed with the statement of his corporation on the disposal of ships.

Mr. STEWART: Before we proceed I have quite a number of questions arising out of the appendix which the witness gave us last week, statement by J. H. Berry, President, War Assets Corporation, re sale of Crown assets.

The VICE-CHAIRMAN: What page is that?

Mr. STEWART: That is the appendix to minutes of proceedings and evidence No. 18.

The VICE-CHAIRMAN: Of May 31?

Mr. STEWART: That is right.

The VICE-CHAIRMAN: I would suggest that this appendix be left in abeyance for discussion at a further meeting. It has appeared in the report of last Friday and was distributed only yesterday to the members. I understand that it would be profitable if the members could have a little more time to go over it.

Mr. STEWART: I am agreeable to that, but I should like to warn Mr. Berry I have a lot of questions arising out of it. He may not be able to answer them all, but perhaps he can bring somebody along who can give the answers. That might facilitate matters.

Mr. BERRY: I wonder if I could have those questions in writing for my own information so that I could have the answers prepared, if there are a lot of questions.

Mr. STEWART: If I can get a stenographer for a couple of hours I will do it.

Mr. BERRY: The sale of real estate is quite involved.

Mr. STEWART: I do not think it is all in your hands, as a matter of fact. That is the problem. I think we will have to get somebody else here with Mr. Berry on this occasion. I am willing to permit this to lay over until we are finished with this document Mr. Berry has given us.

The VICE-CHAIRMAN: To-day we are prepared to hear Mr. Berry on the sale of ships by his corporation. That is the order of the day.

Mr. STEWART: I thought we were going to do nothing else until the real estate matter was cleaned up.

The VICE-CHAIRMAN: As to real estate disposal the only thing which has been left outstanding is that appendix you referred to. At a further meeting discussion will be allowed on that special statement filed last Friday.

Mr. STEWART: Do I take it we are finished with that document now and we are going on to ships?

The VICE-CHAIRMAN: We are going to ships right now.

Mr. STEWART: When is this going to come up?

The VICE-CHAIRMAN: As soon as we have disposed of the statement that has been distributed.

Mr. BERRY: I have quite a number of questions outstanding on real estate for which I am collecting the answers, as well as this other document in the appendix.

Mr. STEWART: We can take them all at once.

Mr. ISNOR: I think in fairness to the witness if Mr. Stewart would indicate as to whether his questions all deal with real estate it would assist Mr. Berry to have the proper assistants here.

Mr. STEWART: Mr. Berry asked me to give him a typewritten statement of the questions, which I shall try to supply him with, to give him warning in advance. I will be glad to do that.

The VICE-CHAIRMAN: Mr. Berry.

**J. H. Berry, President, War Assets Corporation, recalled:**

The WITNESS:

STATEMENT ON WAR ASSETS CORPORATION OPERATIONS  
IN THE DISPOSAL OF MARINE CRAFT

From the time that War Assets Corporation commenced to function until the setting up of the supply department in September, 1945, a considerable number of vessels of various types had been declared surplus, a number of which were sold. It is believed that very few of the unsold vessels were accepted from the declaring authorities except the vessels which were turned over to W.A.C.'s custodian manager at Sorel, P.Q. Arrangements had been made with the Royal Canadian Navy to deliver to Sorel a total of 86 flower class corvettes and 59 fairmile motor launches. These vessels were steamed to Sorel by R.C.N. crews and after being moored to the buoys the crews in most instances left within a few days. None of these vessels were winterized and the vessels were moored in a location in which it would have been unsafe to leave them for the winter months, so it was considered essential and economical to arrange that all vessels were disposed of before Sorel became frozen in for the winter.

*Arrangements Made for Storage of Vessels*

The immediate problem confronting the supply dept. in Sept., 1945, was to provide safe storage for the large number of vessels that either had been, or were to be declared surplus in the near future, on the east and west coasts. After consultation with naval officers directly concerned with the turning over of naval vessels it was decided that Shelburne naval base would be used on the east coast and Bedwell Bay on the west coast for the purpose of laying up the larger vessels to be declared surplus by the R.C.N. When this decision was made instructions were given by the Department of National Defence Navy to prepare moorings for the number of vessels that it was anticipated would be turned over to the corporation. Arrangements were made with the R.C.N. that all frigates and Bangor minesweepers on the east coast would be delivered to the corporation at Shelburne, N.S., and that the destroyers, yachts and a few other miscellaneous vessels at Sydney would remain at that port for the winter under naval care and maintenance.

It was also necessary at that time to make arrangements to winterize the vessels, to ensure that they would be free from damage due to winter conditions. As War Assets Corporation had no organization set up at that time to handle such a problem, the navy agreed to supervise the work, either by winterizing the ships with naval labour or by giving the work to outside engineering firms, under emergency repair agreements. War Assets Corporation agreed to accept the responsibility of all costs of the winterizing program. The Bangor minesweepers were steamed to Shelburne and winterized by naval labour. The destroyers, yachts and other miscellaneous vessels at Sydney were winterized by local firms and remained there. The frigates were winterized at Liverpool, N.S., under emergency repair agreements and then towed to Shelburne. All naval vessels on the west coast were winterized at either Esquimalt or Vancouver and then towed to Bedwell Bay.

Due to the more severe winter conditions on the east coast greater precautions had to be taken to preserve the vessels from damage, with proportionately higher costs. At the present moment all vessels can remain at their moorings in a safe condition until such time as they are sold, and the hulls, machinery, boilers, pipelines, etc. have been winterized to the extent that no damage should occur due to freezing conditions. A staff of three engineers and six helpers are now employed at Shelburne on the maintenance of machinery on the laid up



ships, but cannot cope with all the work ahead of them. Should the Bangor minesweepers be sold in the near future, as is anticipated, they will be able to devote more time to the remaining ships.

To handle ship problems on both coasts, marine superintendents were appointed to the staffs of regional supply managers at Halifax and Vancouver in October, 1945. Qualified marine engineers have also been employed for maintenance of the ships and they also assist in the preparation of availability reports.

While Shelburne naval base is used for laying up the larger vessels declared surplus, there have been numerous smaller craft turned over to the corporation at other maritime ports. The majority of these vessels are located at Halifax and are primarily tugs and harbour craft of many types. When the supply department commenced to operate, none of the vessels declared surplus at that time, and located at Halifax, had actually been turned over to the corporation. Arrangements were therefore made by the regional supply manager, Halifax, to accept these vessels though great difficulty was found in finding a suitable location to moor them. Some vessels were first moored at the North West Arm which was found unsuitable for security reasons and they were moved to Windmill Pier on the Dartmouth side of the harbour. Windmill Pier was also found unsuitable due to its exposed position and eventually, in February, 1946, arrangements were made with the R.C.A.F. to moor the vessels at Eastern Passage. Numerous R.C.A.F. craft at Eastern Passage were already declared surplus and the R.C.A.F. allowed us to leave them stored there, either ashore or at R.C.A.F. moorings. The supply dept. has taken over the custody and maintenance of all these vessels.

In February, 1946, War Assets Corporation was advised by the navy that all naval personnel at Sydney naval base were to be removed, leaving the base under civilian care and maintenance. We were therefore requested by the navy to assume custody of all vessels declared surplus at this base and arrangements were made to provide the necessary staff early in March. As all vessels at Sydney are concentrated in a small area, a comparatively small staff is employed.

There have been comparatively few vessels declared surplus to the corporation, afloat, in ports other than on the east and west coasts. Five transport ferries were declared surplus in Montreal in various stages of completion, two of which were located at Vickers' shipyard and three at United shipyard. Transport ferry No. 209 at Vickers was turned over to the army and was towed to Halifax, where the machinery and equipment was removed before she was loaded with mustard gas, towed out to sea and scuttled. The remaining transport ferries at Montreal were towed to Sorel and delivered into the custody of Marine Industries Ltd. at whose shipyard there are an additional three transport ferries. A few small vessels at Quebec, declared surplus by the R.C.N., were turned over to Davie Bros. Ltd. for winterization and storage for the winter months.

In the Great Lakes area the following vessels have been declared surplus either by the surplus property officer, Department of Reconstruction and Supply or by Wartime Shipbuilding Ltd.

- 2 Warrior class tugs at Kingston
- 3 Warrior class tugs at Midland
- 10 Tanac class tugs at Trenton
- 4 Wooden minesweeper hulls, one each at Sarnia, Midland, Honey Harbour and Toronto.

Both tugs at Kingston were steamed to Halifax, one of them assisting in towing transport ferry No. 209. The three tugs at Midland shipyards, and the minesweeper hulls at Honey Harbour and Midland Boatworks were moored



together at Midland Boatworks to reduce security costs. The wooden mine-sweeper hulls at Sarnia, Toronto and one at Midland have been sold and also one Warrior tug at Midland. Of the ten Tanac tugs at Trenton, four now remain in the custody of Central Bridge Co. and two which were chartered to Messrs. Sincennes McNaughton Line Ltd. remain in their custody at Kingston.

SUMMARY OF MARINE CRAFT DECLARED SURPLUS TO THE CORPORATION UP TO AND INCLUDING MARCH 31, 1946

*Vessels Declared Surplus by the R.C.N.*

Town class destroyers.....	8	
River class destroyers.....	9	
Submarines .....	3	
Frigates .....	41	
Castle class corvettes.....	12	
Flower class corvettes.....	91	
Bangor minesweepers .....	42	
Fairmiles .....	76	
Fundy class minesweepers.....	3	
Yachts .....	16	
Norton class tugs.....	3	
80' Glen class tugs.....	8	
40' Ville class tugs.....	17	
Gate vessels .....	13	
Scows .....	21	
Troop landing craft (Prince Boats).....	2	
Harbour craft .....	152	
105' Wooden minesweepers.....	7	
Harbour defence patrol craft.....	36	
Miscellaneous craft (exclusive of whalers, skiffs, dories, etc.).....	64	
	624	624

*Vessels Declared Surplus by Army*

Motor boats and vessels between 25 ft. and 95 ft. ....	38	
Scows, various types.....	3	
Landing craft hulls only.....	12	
	53	677

*Vessels Declared Surplus by R.C.A.F.*

Scows, various types and sizes.....	31	
Refuelling launches .....	5	
Refuelling scows .....	11	
Range boats type II .....	3	
Range boats type III.....	20	
Aircraft crash tenders.....	7	
Aircraft tenders .....	36	
Derrick scows .....	7	
Supply and salvage vessels.....	8	
General utility boats.....	4	
Range patrol boats.....	2	
Winter rescue boats .....	5	
Barge transports .....	1	
Miscellaneous craft (Exclusive of skiffs, rowboats, etc.) .....	12	
	152	829

*Vessels Declared Surplus by Government Department other than D.N.D.*

Transport ferries .....	8
Warrior type tugs .....	5
126' wooden minesweeper hulls only.....	4
65' wooden harbour tugs.....	15
64' steel harbour tugs.....	10
Park Steamships .....	34
Ramped cargo lighters .....	130
Phoenix nesting barges .....	87
Minca barges .....	358
Miscellaneous craft (Exclusive of floats, skiffs, rowboats, and other small craft).....	63
	714

Total .....	1,543
-------------	-------

Declaration of surplus covering marine craft are submitted by declaring authorities to the Crown Assets Allocation Committee and after priorities are met, are transferred to the screening section for processing to the regions concerned. All such declarations are referred to the chief, ships section for comments before being passed to the region for screening and preparation of availability reports. Instructions have been issued to regional supply managers that no vessels are to be accepted from declaring authorities until such time as the declarations are received, without first obtaining permission from Ottawa. In practice, if the declaration has been received by the Crown Assets Allocation Committee the vessel is accepted, but not otherwise.

During the first few months that regional supply offices were being organized, the declarations on ships were at their peak. Due to the difficulty in obtaining inspectors with the proper qualifications to screen ships, a few months would sometimes elapse between the time that the declaration was received in a region and the availability report was submitted to sales. With the acquisition of more and more qualified inspectors, availability reports on ships have shown a continuing improvement and it is now considered that ship sales division is receiving all the information and detail they require.

Inspectors screening ships prepare availability reports giving the general condition of the ship and its components and auxiliary machinery, etc., and list all stores, equipment and spare gear. The actual appraisal of the ships is made by an appraiser on the staff of ship sales division, and by outside men qualified in this type of work.

Liaison between the supply department, the declaring department and ship sales division is effected by the chief, ships section at Ottawa, who keeps in close touch with declaring departments, arranging with them to provide the necessary specifications, blueprints and other data on ships required by ship sales division to sell the ships. All declarations covering marine craft pass through the ships section in Ottawa before being sent to the regions for inspection and preparation of availability reports. This section arranges to have availability reports expedited on vessels on which government departments have been granted a priority by C.A.A.C., and on other vessels for which ship sales division has an urgent demand. The section keeps in close touch with regional supply managers on particular problems affecting the storage and winterization of ships.

The sales procedure as now laid down by the merchandising department to deal with the sale of ships not sold under agency agreements is taken in order as follows:—

1. An experienced appraiser from the merchandising department makes a physical examination of the ship and makes an estimate of the present value which can be used by the corporation (a) in the sale

of ships required by the government departments for which priorities have been filed, (b) as a check on appraisals made by independent marine surveyors and on tenders received when ships are sold to the general public.

2. On all ships of any consequence, when such ships are to be sold to the general public, an appraisal is made by an independent firm of naval architects which is used (a) as a check on the appraisal made by the representative of the corporation and (b) when checking the acceptability of tenders or bids received from the public.

When a number of ships can be classified as one type, such as frigates, corvettes, Bangor mine-sweepers and similar type of ships, and the ships in each type are of similar construction and age, and independent appraisal on one ship of each type is made, prices for other ships of the same type and age are arrived at by an adjustment depending on the condition of each ship.

3. Advertising is prepared covering a description of the ship, location and the appraised value is now being used as a guide for prospective purchasers when submitting their tenders.

Wherever possible, the advertising is illustrated by showing a picture of the unit for sale.

Actual experience has proven that when the appraised value is shown in the advertising the number of tenders received for each unit has been greater than when appraisals are not given and the amount of the tender has been more in accordance with the value of the unit.

Sale by tender in the case of ships that have commercial use, and where the appraised value has been indicated, has been very satisfactory, in that the highest tender has, in 99 per cent of sales made, been at or above the appraised value.

The vice-president in charge of merchandising has developed and pursues a general policy that in accepting tenders on ships consideration must be given to veterans, in that the highest tender on any ship may not of necessity be accepted, and provided a tender received from a veteran requiring a ship for his own use, is equal to or greater than the appraised value of the ship and not less than 10 per cent below the highest tender—the ship will be sold to the veteran.

An example of how this policy works out in actual practice in providing ships for veterans to rehabilitate themselves can best be illustrated by reference to the most recent allotment of 15 ships advertised to be sold by tender, ten of which were allotted to ex-servicemen. In no case did any purchaser receive more than one ship. In the case of ships specially designed for defence purposes such as frigates, corvettes, mine-sweepers, submarines and etc., sale by tender in general has not been satisfactory as very few replies are received and any offers made are not commensurate with the value of the ships. This class of ship is usually sold by negotiation after being duly advertised for sale.

The ship sales division of War Assets Corporation was organized as an individual division of the corporation in January 1946, for the purpose of specializing on the sale of complete ships only. Since the division was organized, total sales made by the division, up to April 9, 1946, include 40 tugs; 21 fishing ships, 49 phoenix nesting barges, 2 crash boats, 1 base ship, 3 wooden hulls, 3 gate vessels, 3 aircraft tenders, 6 whalers, 1 landing barge, 3 frigates, 2 scows, 1 salvage and supply boat, 10 ramped cargo lighters, 10 motor boats, 290 minca barges, 8 castle class corvettes, 8 range boats, 16 harbour craft—a total of four hundred and seventy seven (477), while all recorded sales made by the corporation direct, not including those made by appointed agents, are shown on the attached lists. (Appendix 1).



Appendix 2 covers sales made by Park Steamships Co. Limited who are operating as agents for War Assets Corporation in accordance with the following appointment:—

This will confirm the arrangement under which you are to act as agent for this corporation in the sale of cargo vessels and tankers,

*1. Appointment*

Your company shall act as agent of this corporation to negotiate and complete the sale and transfer of 10,000 ton and 4,700 ton cargo vessels and 3,600 ton tankers in possession of or under the control of your company and which shall have been declared surplus under the provisions of the Surplus Crown Assets Act, provided that all sales shall be subject to prior approval of the Minister of Reconstruction and Supply and/or this Corporation.

*2. Contracts of sale*

Contracts of sale for each vessel shall be prepared by your company for execution by this corporation on behalf of His Majesty and shall be in the name of His Majesty the King in right of Canada represented by the Honourable the Minister of Reconstruction and Supply acting through War Assets Corporation, and shall provide that the purchase price shall be payable to the order of this corporation in the form of bank drafts, orders for payment or certified cheques. Unless otherwise directed by this corporation, every contract of sale shall be expressed to be subject to approval by order in council.

Bills of sale shall be prepared by War Assets Corporation, upon receipt of the necessary information from your company.

*3. Sales to non-Canadians*

Except in the case of sales to Canadian nationals or to firms or corporations having head offices in Canada, it shall be stipulated in all agreements for sale that payment shall be made in United States funds, unless payment in other currency is approved by the corporation or the Minister of Reconstruction and Supply.

*4. Legal expenses*

Legal expenses in connection with the sale of vessels shall, from now on, be for the account of the purchasers and this shall be a condition of the sale, in all future transactions; it being understood that where negotiations for the sale of a vessel or vessels were under way or completed prior to this date and, where the purchasers have not been informed that they are responsible for such legal expenses, then, such charges will be absorbed by War Assets Corporation.

*5. Completion of sales*

The power to sell hereby conferred shall include the power to receive in the form indicated above so much of the purchase price as is payable up to and including delivery of the respective vessels, to give receipts and releases therefor, to receive and register mortgages, to deliver bills of sale and generally to deliver and receive all documents and perform all acts required to complete the sale of vessels, it being understood that the bill of sale in respect of any vessel shall not be delivered until payment therefor has been received by this corporation or any unpaid balance of purchase money has been secured in accordance with the terms of the contract of sale. Your company shall of course account to this corporation for each such sale.

#### 6. *Reimbursement of costs of sales*

Your company shall keep proper and detailed records of its expenses and costs of sale properly incurred hereunder and shall make a monthly accounting of such charges to this corporation and shall be entitled to reimbursement thereof without fee.

#### 7. *No commission to be paid on sales*

Your company shall not agree to pay to any person, firm or corporation any commission on any sale of vessels without the prior approval of this corporation and/or the Minister of Reconstruction and Supply. If such approval is given, the commissions shall be paid by the corporation.

#### 8. *Revocation of appointment*

The appointment hereby made may be revoked at any time at the discretion of the Minister of Reconstruction and Supply.

#### 9. *Past transactions*

The provisions hereof shall be deemed to apply, mutatis mutandis, to any sales of vessels in which your company has acted on behalf of this corporation.

Appendix 3 covers sales made by Wartime Shipbuilding Limited who are operating as agents for War Assets Corporation in accordance with the following appointment:—

This will confirm the arrangement under which you are to act as agent for the corporation in the sale of Class "B" and "C" China Coasters and those vessels known as Maintenance Ships.

#### 1. *Appointment*

Your company shall act as agent of this corporation to negotiate and complete the sale and transfer of Class "B" and "C" China Coasters in possession of or under the control of your company and which shall have been declared surplus under the provisions of the Surplus Crown Assets Act, provided that all sales shall be subject to prior approval of the Minister of Reconstruction and Supply and/or this corporation.

#### 2. *Contracts of sale*

Contracts of sale for each vessel shall be prepared by your company for execution by this corporation on behalf of His Majesty and shall be in the name of His Majesty the King in right of Canada and represented by the Honourable the Minister of Reconstruction and Supply acting through War Assets Corporation, and shall provide that the purchase price shall be payable to the order of this corporation in the form of bank drafts, orders for payment or certified cheques. Unless otherwise directed by this corporation, every contract of sale shall be expressed to be subject to approval by order in council.

Bills of sale shall be prepared by Wartime Shipbuilding Limited.

#### 3. *Currency to be accepted*

Except in the case of sales to Canadian nationals or to firms or corporations having head offices in Canada (which shall be for Canadian or U.S. currency), it shall be stipulated in all other agreements for sale that payment shall be made in United States funds, unless payment in other currency is approved by the corporation or the Minister of Reconstruction and Supply.

#### 4. *Legal expenses*

Your company shall not incur legal expenses for the employment of solicitors or counsel who are not members of the staff of your company without the prior approval of this corporation.

#### 5. *Completion of sales*

The power to sell hereby conferred shall include the power to receive in the form indicated above so much of the purchase price as is payable up to and including delivery of the respective vessels, to give receipts and releases therefor, to receive and register mortgages, to deliver bills of sale and generally to deliver and receive all documents and perform all acts required to complete the sale of vessels, it being understood that the bill of sale in respect of any vessel shall not be delivered until payment therefor has been received by this corporation or any unpaid balance of purchase money has been secured in accordance with the terms of the contract of sale. Your company shall of course account to this corporation for each such sale.

#### 6. *Reimbursement of costs of sale*

Your company shall keep proper and detailed records of its expenses and costs of sale properly incurred hereunder and shall make a monthly accounting of such charges to this corporation and shall be entitled to reimbursement thereof without fee.

#### 7. *No commission to be paid on sales*

Your company shall not agree to pay to any person, firm or corporation any commission on any sale of vessels without the prior approval of this corporation and/or the Minister of Reconstruction and Supply. If such approval is given, the commissions shall be paid by the corporation.

#### 8. *Revocation of appointment*

The appointment hereby made may be revoked at any time at the discretion of the Minister of Reconstruction and Supply.

#### 9. *Past transactions*

The provisions hereof shall be deemed to apply, *mutatis mutandis*, to any sales of vessels in which your company has acted on behalf of this corporation.

*(See Appendix "B" to this day's proceedings for appendices 1, 2 and 3 referred to in the above statement.)*

THE VICE-CHAIRMAN: What is the wish of the committee with regard to the three appendices?

MR. REID: I see that the first appendix runs quite a number of pages. Each member of the committee has a copy. I do not know that anything is to be gained by printing them.

MR. GOLDING: I agree with Mr. Reid, there is no use in going to the cost of printing when we have copies before us.

MR. PROBE: Do these appendices cover all the transactions in which Canadian government ships have been sold?

THE WITNESS: They are as stated. I think you will find on the head of each appendix the period in which the sales were made.

MR. REID: Are you ready for questioning now?

THE VICE-CHAIRMAN: Before you proceed any further Mr. Reid, I think it would be better to decide what the committee should do with these three appendices.



Mr. PROBE: There is no indication here, Mr. Chairman, of sales which were mentioned in the last session of the House, last fall; a New York firm was, as I recall it, retained by the Minister of Reconstruction to make the sale and they were paid a commission. I do not see any reference to that here. Would Mr. Berry please indicate where that information can be obtained?

The VICE-CHAIRMAN: Mr. Probe, if you don't mind, I would like to clear up this point as to the printing of the appendices.

Mr. PROBE: Okay, go ahead.

The VICE-CHAIRMAN: If the committee think these should not be printed I would like to have it put in the form of a proper motion.

Mr. SMITH: On these again, I do not know who asked the question, but I do not see any costs on these sheets.

Mr. GOLDING: As I understand it, Mr. Chairman, the point now is whether we will have these appendices printed in our records, in the Hansard of our proceedings, or not. I do not think it is necessary because we all have copies.

Mr. PROBE: But it might be of interest to others as well as members of the committee.

Mr. GOLDING: That may be so, but it is quite a long list.

Mr. SMITH: I do not see why they should not be printed. There is a lot of information here that might be of interest to others.

Mr. McILRAITH: I would like to see it printed, myself. It is a matter of cost.

Mr. BRADETTE: It is a question of printing the appendices, not the report, the report will be printed?

The VICE-CHAIRMAN: Yes.

Mr. BRADETTE: The appendices refer to the statement generally. If you read the statement, the brief, you would know what the appendices cover.

Mr. LALONDE: But, Mr. Chairman, there are thirty-five members on this committee, and there are only fourteen sitting here this morning.

Mr. SMITH: How many pages would this take in printing. I am not an expert on that.

Mr. McILRAITH: About the same number of pages as we have here.

Mr. SMITH: Is not the statement rather meaningless without the appendix?

Mr. REID: I withdraw my motion.

The VICE-CHAIRMAN: Then it is agreed that the appendices will be printed in the records of today's meeting.

*(Appendices 1, 2, and 3 to brief on ship sales appear as appendix "B" to this day's report.)*

*By Mr. McGregor:*

Q. Here again on page 11, paragraph 7, I see "your company"; who do you mean by "your company"?—A. That letter is addressed to Wartime Shipbuilding as indicated at the top of page 10.

Q. Who do you mean by "your company"?—A. Wartime Shipbuilding Limited.

Q. Wartime Shipbuilding Limited?—A. Yes. That appears at the top of page 10.

Q. And then "Corporation" means the War Assets Corporation?—A. War Assets Corporation.

*By Mr. Reid:*

Q. In regard to corvettes, I notice that the general sale price on corvettes is \$7,000 while those sold to Venezuela apparently sold at a much higher price?

Mr. McILRAITH: What page is that on?

Mr. REID: There are no numbers on the pages, it is under corvettes.

Mr. McILRAITH: Is that in the appendix?

Mr. REID: Yes, under the heading "Corvettes". Then, a further question, I notice that you in certain cases are selling to private individuals, some at prices below that at which sales are made to departments, the departments are paying a little more.

Mr. McILRAITH: That is a matter of priority.

Mr. REID: Then I come to the case of the minesweepers, they are sold to the R.C.M.P. at a price of around \$20,000 while the price to marine industries is \$10,000.

Mr. McILRAITH: They have a priority.

Mr. REID: The statement has been made, and I am saying this quite frankly, that in the case of sales to the department the price is put up.

The WITNESS: There are two questions, I believe Mr. Chairman; in the sale of corvettes the price of \$10,000 for a corvette is the price paid to the corporation when the corvette is purchased to be scrapped and not to be used as a boat.

*By Mr. Reid:*

Q. In the case of sales to Venezuela I take it that the corvettes would be sold complete?—A. The corvettes we sold for export were complete for use as boats, less armament, less secret fittings and less stores.

Q. What about the minesweepers?—A. The minesweepers we sold to government departments were complete minesweepers with all their equipment and all their stores. The other sales of minesweepers were less stores, less offensive equipment.

Q. What about the case of the Fairmiles? We find they were sold to the R.C.M.P. at \$5,000 while the sale price to others was \$3,000—A. Again, the same explanation applies.

Q. I notice in looking over the list of corvettes that the corvette *New Westminster* is not listed. I understand it has been disposed of. Have you any information as to whether that came under War Assets or not?—A. This statement is of all the corvettes sold as of April 15th.

Mr. McILRAITH: The *New Westminster* is listed. I will give you the page reference to it—it is the third sheet right near the top of the page, about a quarter down.

Mr. ISNOR: Fifth from the top.

Mr. McILRAITH: Yes, sold to Irving Limited, Moncton, New Brunswick, on November 16th, 1945 for \$29,000. It is the fifth item from the top on the third page of corvettes.

*By Mr. Probe:*

Q. Would Mr. Berry revert to the question I asked? I asked if these sales we have here include all vessels that have been disposed of through any channels that were the property of the Canadian government or any other crown companies?—A. This list includes vessels sold by War Assets Corporation, or sold by agencies under the agreements I have read into the records this morning.

Q. I notice the date of the agreement is some time in May, May 7, around that. How far back does that agreement go? Does this list include every ship that we have owned and which has been disposed of to date, that is the question?—A. According to my knowledge, as handled by the War Assets Corporation, yes.

Q. You would be the agency in transferring any title to any vessel sold?—

A. Any vessel that is reported as surplus.

Q. By the Minister of Reconstruction?—A. Any vessel that is reported surplus to War Assets Corporation and passed through my hands I sell.

*By Mr. McGregor:*

Q. And what date did you start?—A. Sales started when War Assets Corporation started.

Q. All right, what date was that?—A. I can not give it to you offhand—July of 1944, I believe.

Q. 1944?—A. That is right.

Q. And any boats that were disposed of before that date you do not know anything about?—A. I would not have any jurisdiction over them. War Assets Corporation was not in existence prior to that date.

Q. And anything that happened before that you do not know about?—A. No.

Q. So you do not know whether any boats were sold before that date?—A. No.

Q. But with respect to any Canadian boats sold since that time you have acted in your capacity in disposing of them?—A. No. Let me make it quite clear. If a boat does pass to War Assets Corporation for sale we have to sell it. I have no knowledge of any other boats being sold in any other way than through War Assets Corporation.

Mr. MCGREGOR: Then this does not necessarily answer the question, it is not necessarily a complete statement of all surplus Canadian craft sold?

Mr. McILRAITH: Oh yes, it is.

Mr. PROBE: The Minister of Reconstruction sold ten vessels last fall.

Mr. McILRAITH: They are in here.

Mr. PROBE: That is the point I am trying to get at.

Mr. McILRAITH: I think they are in here. Have you the reference in Hansard?

Mr. PROBE: No, but they were sold by some New York Corporation.

Mr. MCGREGOR: Maybe the Minister could answer that question for us?

Mr. McILRAITH: I will check up on that.

*By Mr. Probe:*

Q. There was a commission made on the sale of those boats of some \$400,000, they are not included in the list as made up. It is difficult for me to see how—

Mr. McILRAITH: I would not say they are not included until we check it up.

Mr. PROBE: No commissions have been paid on these, according to Mr. Berry.

Mr. McILRAITH: He has not said that.

Mr. PROBE: Then I had better ask him.

The WITNESS: I have made no statement that no commissions have been paid. In my agency agreement it states that no commission shall be paid without the consent of the minister or the corporation.

Mr. PROBE: Have some commissions been paid?

The WITNESS: Yes.

Mr. McILRAITH: If you will get the date of the agreement and the date of the sale we will follow that up for you.



Mr. MURPHY: Regarding this answer, I was wondering if you have the question which is being answered?

The VICE-CHAIRMAN: This is not a reply. This statement is a brief by the corporation for the discussion of the committee on one specific angle of the activities of the corporation.

Mr. MURPHY: The reason I raised that was because I understand that Mr. McGregor, or some member of this committee, asked for a statement on all sales which would include the cost price of these various vessels, the commissions, and so on. I cannot understand how we are going to go into this thing for a discussion at a later date without the answer to Mr. McGregor's question for full particulars of all sales.

Mr. McILRAITH: I think I ought to explain that this brief was supposed to have been brought forward on April 16, the last meeting before the Easter recess. Mr. Murphy at that time was not a member of the committee. It was put off, and put off, because other things came up; and it was a point originally raised—I have forgotten who raised it originally in committee. It was dealt with by the steering committee and it was the intention that it should have been brought forward at that time. As a matter of fact it was ready to have been brought down at that time. It has been redated and brought forward. That is the history of what we are dealing with here this morning. I think every member of the steering committee will bear me out on that. Mr. McGregor's question, as I recall it, came within the last two or three weeks.

Mr. MCGREGOR: Oh, no.

Mr. PROBE: When Colonel Denney was here, was it not?

Mr. McILRAITH: Yes, that was the date of his question.

The VICE-CHAIRMAN: And may I add, gentlemen, that this was included in the recommendation of the steering committee to the main committee under date of April 9, 1946, as appears on page 83 of the record, and it reads as follows:—

That evidence on ships disposed of through War Assets Corporation be heard at an early date following the Easter recess.

As Mr. McIlraith stated, this matter has been postponed until today. Are there any questions?

*By Mr. Bradette:*

Q. Mr. Chairman, on page 9, item 8, provides,

the appointment hereby made may be revoked at any time at the discretion of the Minister of Reconstruction and Supply.

In the case of a sale having been made by the company that provision for revocation would not affect the actual sale of a ship?—A. It would have no effect at all, I would think.

Q. No effect at all?—A. Until such time as the War Assets Corporation, or the minister in this case, revokes the agency appointment the corporation is responsible for any act performed by that agency, so that any contract they have entered into would have to be honoured by the corporation.

Q. Then about currency, I can easily understand Canada would benefit by selling ships to the United States and other countries and requiring payment in American funds, but would that not be deterrent in the sale of ships to say France, Norway, Sweden and such countries? I think it would be.—A. I do not think so. That ruling was put in there at the request of the financial authorities in view of the fact that some countries might offer sterling and we are outside of the sterling block.

Q. You would not accept sterling?—A. No, not under this ruling.

*By Mr. Golding:*

Q. On page 8 it says,

this will confirm the arrangement under which you are to act as agent for this corporation in the sale of cargo vessels and tankers;

Could you tell us the date on which that appointment was made?—A. I am sorry I have not got the date with me but I can provide an answer to that.

Mr. REID: My question is in regard to submarines. I notice two were sold; one at \$3,500 and one at \$9,100. Can you explain the difference in price; and, secondly, was any appraisal made before they were sold as to their value as scrap? It would seem to me that a submarine would not be used by any firm for any purpose other than scrap.

Mr. LALONDE: For fishing.

Mr. REID: For fishing?

Mr. LALONDE: Yes.

Mr. REID: That would be a new type of fishing. It might be good for a bookmaker, but not for fishermen.

The WITNESS: Subject to correction when I examine the record these submarines were sold as scrap merely on a tonnage basis.

*By Mr. Reid:*

Q. There seems to be a fairly wide difference in price there, one sold for \$3,500 and the other sold for \$9,100.—A. Right. Submarines vary from the midget up to the largest type of wolf pack submarine the Germans were using.

Q. Then I have another question, cargo lighters run all the way from \$2,500 to \$12,800. Could we have an explanation of that? And also, have all the cargo lighters been turned over to this department? There are many cargo lighters in the hands of companies which just simply lie there. I think they are with the companies yet in some cases.—A. From memory I would say that all the lighters under construction have been turned over to War Assets Corporation. The armed forces have not yet finalized their transfer of barges. I believe there are still some coming to me on the west coast from the army.

*By Mr. Murphy:*

Q. I wonder if the witness could tell us, or give us information as to the vessels which were sold as scrap?—A. I am afraid I could not answer that immediately and be precise about it. I know, for instance, that any of the corvettes that are listed as being sold for \$10,000 were sold as scrap.

Q. Would you prepare that information for us then?—A. Yes.

Q. At the same time would you give us the names of the scrap dealers, where they are located, what tonnage was sold to them as scrap; and then, as I understand it these scrap agents would be agents for War Assets?—A. The scrap agent would not be an agent for War Assets Corporation. When we sell scrap to them we sell it to them as scrap, and at that point as far as the War Assets is concerned the sale is completed.

Q. In disposing of scrap do you advertise the boats?—A. Not of necessity.

Q. How do you select the scrap agent, just because he happens to be in that locality?—A. In a lot of cases, yes, the ships are sold as is; in other cases these boats have been moved considerable distances from one point to a scrap yard.

Q. Unless you accept tenders how would you get the highest price for the craft?—A. We set the price at so many tons of steel or whatever the ship is built of in the main and get the ceiling price of that under the Wartime Prices & Trade Board regulations, and that is the price of the ship. We cannot ask for more than the ceiling price.

Q. Then the information you will furnish us will give what I have asked?—

A. I should like to point out again to the committee the information which has been requested of me is taking up a large proportion of the time of my staff, and I am going to have to curtail my sales activities if I have to answer all the questions.

Q. I think this is very important. The sales involve millions of dollars. We should have the information.

The VICE-CHAIRMAN: Would you be interested in certain types of vessels more particularly?

Mr. MURPHY: The ones that have been sold as scrap, yes.

Mr. MCGREGOR: I quite agree this is probably taking up a lot of his time, but I think if Mr. Berry would get out a statement that would give us an intelligent answer to some of these questions it would not take up quite as much time. For instance, here we want to compare the cost price of these boats with the sale price. Everybody on this committee knows that and knows it exactly. Instead of that Mr. Berry comes along, produces this whole list and goes to the trouble of all this valuable time to get this list ready, and when we get it it is not worth anything without the other side of the list. I would suggest to Mr. Berry if he wants to cooperate with this committee that we can save a lot of this committee's time if he will produce the things we want.

The WITNESS: May I point out if I can be supplied with a crystal to find out what sort of questions I am going to be asked I can provide the answers before time. I have no such crystal.

The VICE-CHAIRMAN: May I point out again this is not an answer to any particular question put by any member of the committee. This is a brief which has been requested from the witness by the steering committee and afterwards by the committee itself under the recommendation of the steering committee. As Mr. Berry has just pointed out, and I think he is right in doing so, he cannot guess what supplementary questions will be asked by the members here on a particular brief such as this. I think contrary to what Mr. McGregor has just said that this may be considered as an intelligent piece of work.

Mr. MCGREGOR: While we are on that, the chairman says that he cannot guess what questions will be asked. I think the chairman will agree that my question has been before the steering committee long enough that this thing should have been cancelled and my questions answered.

*By Mr. Reid:*

Q. May I ask Mr. Berry a question as to the meaning of the schedules? It first of all gives the name of the vessel, to whom sold, the address of the company, and the date sold and then the branch. Does that last term apply to the office?—A. That is the branch of the corporation through which the sale has passed.

Q. Then, would you explain to me how Calgary would be given the opportunity of selling barges and boats?—A. If you will note these sales in the main were made to the Yellowknife Transportation Company in Edmonton.

*By Mr. Smith:*

Q. I have a general question. Would you turn to page 6, Mr. Berry, the second last paragraph on that page. There is the phrase, "Sale of ships not sold under agency agreements". What does that mean? What does the expression, "Not sold under agency agreements" mean?—A. Those are ships which are sold by the ship sales section of the corporation and not by either Park Steamships or Wartime Shipbuilding.

Q. Not by Park or Wartime Shipbuilding?—A. Yes.



Q. Would you turn to page 8 under appointment. I see the words:—

Provided that all sales shall be subject to prior approval of the Minister of Reconstruction and Supply and/or this corporation.

Turning to the next page at the top of the page I see these words:—

Unless otherwise directed by this corporation, every contract of sale shall be expressed to be subject to approval by order in council.

Going on to paragraph 7 I see this:—

Your company shall not agree to pay to any person, firm or corporation any commission on any sale of vessels without the prior approval of this corporation and/or the Minister of Reconstruction and Supply. If such approval is given the commissions shall be paid by the corporation.

Then the next one is under revocation, and that is by the Minister of Reconstruction and Supply and not by the corporation?—A. Right.

Q. What I have in mind is this. Is this a fair statement to make, that the Minister of Reconstruction and Supply has the final word with respect to purchaser and price in the disposal of these vessels?—A. Yes, that is correct. War Assets Corporation reports to the Minister of Reconstruction and Supply, so he must have the final word.

Q. Now, with respect to the appendices I find myself in this position. I am not nearly as quick as Mr. Reid, but I think I will have some questions to ask Mr. Berry on them. They will not be many, but I assume at some time we will be able to do that. I think perhaps we would make a great mistake if we just go picking here and there through this thing at the moment. We would be dodging all over. If we can systematize our questions a little bit I think it will take much less of the time of the committee. I am going to ask this. Would it be very much trouble to complete this statement, perhaps before it is printed, by adding another column and giving us costs.—A. Original costs?

Q. Yes.—A. It would be a considerable amount of work. The corporation does not normally maintain the original cost in its records.

Mr. McILRAITH: There is something that may be helpful. I have not had an opportunity of looking it up, but last year in the House in answer to some questions there appeared in *Hansard* the costs of the corvettes and Fairmiles, and I think the Park Steamships. I think it is all in *Hansard*. That is the average cost. There may be certain others of these smaller boats that are not in there and are not covered, but I think the main items are already in *Hansard*.

Mr. SMITH: If they are already in *Hansard* it would be no work at all to have that as a part of this record.

Mr. McILRAITH: It is a matter of having someone else outside of War Assets Corporation gather it up. I think as you have raised the point we can get you something that will pretty well cover it. I am speaking from memory only, but I remember having to dig it up last fall. It covered the main classes of ships.

The WITNESS: Relative to this original cost may I say that in a lot of cases I think we could only provide an average cost because the cost of these ships varied considerably.

Mr. SMITH: I realize that.

The WITNESS: At the time of their construction at the various points.

Mr. SMITH: What I have in mind is for those in authority to do what they can. You cannot do the impossible, of course, but if we can get from some source the best information available that is what the committee wants. I do not think that is impossible.

The WITNESS: If it is the feeling of the committee that when presenting a brief the original costs should be included in that brief I will be very glad to make that a stipulation in preparing any further briefs.

Mr. SMITH: Thank you very much. I think it would be of material assistance to us.

The WITNESS: I will certainly be glad to do that.

Mr. SMITH: Having said that, Mr. Chairman, what I thought was if we could get some idea of these costs and print it with this brief we could have these things in one place, and it might be very helpful indeed.

*By Mr. Smith:*

Q. As to the commissions which we have been told have been paid would it be much trouble—I would not think it would be much trouble—to give us a list of those commissions?—A. I am preparing at the moment a report covering the commissions paid. Part of it is complete and on my desk at the moment, but it is not absolutely complete yet.

Q. I mean as long as we get it. I am very much interested and others may be. It would complete the picture. If we do the best we can with respect to costs and get the commissions then I think we have the whole picture.

The VICE-CHAIRMAN: Before we go on, I am not clear as to Mr. Smith's request. I take it from the witness it may take a little time before he gets those figures in the original cost of these ships. Are we to hold up the printing of to-day's brief to wait for the supplementary information?

Mr. McILRAITH: I think we can get an answer on that which would cover what is in Mr. Smith's mind without having the corporation go into each one of these. I think we probably can get it elsewhere.

Mr. SMITH: I do not want to delay any printing as long as we get it on the record somewhere so that we can take it home, study it, and yell about it to the housetops, and so on.

Mr. MCGREGOR: I want to clear up one point. Mr. McIlraith says they can get the approximate cost or average cost of these boats. I have been on the War Expenditures Committee and studying the matter of these boats long enough to know that they have an exact record as to the cost of every boat that was built in this country. That is the cost we want. I do not want one yard where a boat may have cost \$1,300,000 and another yard where a boat cost \$2,200,000 averaged up. I do not want them to average the whole thing over the country and say that the cost was so much. I want the cost of the individual boats from the individual yards. That is the thing we are going to get before this is over.

The VICE-CHAIRMAN: But on this point, Mr. McGregor, you yourself agreed you could get all information through the original War Expenditures Committee on the cost of shipbuilding. Why are you interested in getting that again?

Mr. PROBE: There is some contradiction in the statements of the various witnesses. We have had practically all the declaring agencies state before the committee that they did include in their statements to War Assets the prices of the commodities they turned over.

Mr. ISNOR: The armed services.

Mr. PROBE: I presume Park Steamships, which is the subsidiary concerned in this case, is likely in the same position. I know that a lot of it was given in the House last session so that I cannot see that it would be that much work.

The WITNESS: I should like to say in reply to Mr. Probe's statement that I have made it quite clear, I think, in previous evidence that the corporation does not carry the original cost through its books, but in certain instances, and in the case of capital equipment, we are able to identify the item and go back to the original cost of it, but we are not able to do that in all cases.

Mr. PROBE: That is a misconception on my part then because the impression was left with this committee that as far as War Assets are concerned they do not always have the costs, that is, they do not receive it from the declaring agency, whereas the declaring agencies informed us that they did in every case.

The WITNESS: The declaring agencies, for instance, may report original costs in this way. They may report to me one camp with equipment, value \$1,500,000. That camp consists of buildings, pumps, furniture and all the rest of the stuff that goes into the camp, but they may not tell me how much one chair costs and they do not tell me how much one pump costs.

Mr. McILRAITH: Their statements were quite all right.

Mr. MCGREGOR: If I am not mistaken I think it was the navy department that said they do give a complete itemized statement to War Assets of everything they turn over. If my memory serves me correctly I asked the question as to who it was that requested the prices on the individual items and they said War Assets Corporation asked them to submit that list. I do not know whether or not that is right.

The VICE-CHAIRMAN: The witness has just made a statement on that point.

Mr. MURPHY: I think we can settle this controversy simply. This committee is sitting for a certain purpose. If the information we ask for cannot be furnished by this particular witness, Mr. Berry, it is of such importance that I think the committee is entitled to it.

Mr. McILRAITH: I do not think anyone has suggested they are not going to get it. It is purely a matter of the method of getting it. I do not think there is any desire not to get it. It is just a matter of the method of getting it.

Mr. MCGREGOR: "Method" is the proper word.

Mr. McILRAITH: It is quite proper. What Mr. McGregor does not make clear is he was all through shipbuilding costs. Weeks were spent in investigating shipbuilding in this committee previously. He now seeks to rehash the ground and go into the contracting business with some of his competitors again. I do not know whether the committee wants that or merely the cost of the ships that are now being sold. I presume what they want is the cost of the ships being sold. As I told Mr. Smith I think it is already on *Hansard*. We can get it in that way, and then if that is not suitable the committee can decide what other factors they want to go into.

There will be two elements with respect to the costs there. I am not certain as to whether any of the yards are involved in renegotiation, and I do not know whether or not the cost would be absolutely accurate, but we can get a very close approximation. In any event, the estimate would be more than the actual cost in the event of certain reductions by reason of renegotiation, if there are any of them involved in that. I do not know.

Another thing is if you have got several ships in the same yard you cannot always take the cost of each particular ship and be dogmatic about it. It may be necessary to average the ships produced in the same yard. There are big differences, as Mr. McGregor said, between yards. I presume the differences to which you were referring were only differences between yards and not between individual ships in the same yard.

Mr. MCGREGOR: That is partly right.

Mr. McILRAITH: I think we can get something.

Mr. MCGREGOR: Mr. McIlraith says we are rehashing old straw. I want to tell him we are not rehashing old straw at all because this straw has never been rehashed. When we finished our investigations as to ships we only got to a certain point. After that there were certain statements made in the House with regard to the prices of these ships which were damn lies, and I am going to prove that before we are through with this investigation.



Mr. ISNOR: Mr. Chairman, apparently this is a very complete report. It is causing considerable discussion. I was wondering as to the date. October 1. is given as the opening date and April 15, as the last date as to the disposal of the ships listed. The agreements with the Park Steamship Company and Wartime Shipbuilding Ltd., are dated May 7, I believe?

The WITNESS: No, that is the date of the brief. I am looking up the dates of the agency appointments and I will provide those.

*By Mr. Isnor:*

Q. Well, this agreement was entered into under date of May 7, was it not?—A. I think earlier than that.

Q. That is the date that is given on page 11.—A. That is the date of the brief.

Q. Arising out of the various clauses may I refer to clause 7 on page 9, applying to the Park Steamship Company? The heading is "No commission to be paid on sales". Reading in conjunction with that the paragraph relating to monthly expense accounts to be submitted, have monthly expense accounts been submitted to you regularly?—A. As far as I know, yes.

Q. Would you be prepared to table the expense accounts for April and May, 1946?—A. I will.

Q. Would those include commissions and fees paid for legal advice?—A. I don't know whether there would be any included in those two months.

Q. If not, would you be good enough to select any one month which would give us any idea as to the legal fees charged by this company to War Assets?—A. I will.

Q. While I am on my feet may I inquire from Mr. Berry with regard to the reference on page 1 of his brief as to ships being directed to certain disposal centres? Was that at the request of War Assets Corporation or by direction from the Royal Canadian Navy?—A. At the request of War Assets Corporation. The Royal Canadian Navy cooperated with us very nicely on that in the selection of suitable sites. They were of very great assistance to us.

Q. Then, why would you refer on page 3 to the exposed position of Windmill Pier which is located in Dartmouth? This is a sensitive spot with me. It is rather difficult to understand such an expression as the word "exposed". It is very sheltered there.—A. I would be glad to amplify that by inquiry.

Q. I wish you would, and at the same time would you be good enough to state if there is any choice between the storing of a large number of ships at Sorel in preference to Bedford Basin, Halifax?—A. The Sorel storage was created in the early days of the corporation, and it had to be done in a great hurry to take over ships from the navy. That was considered at that time by the people who dealt with it to be the best situation inasmuch as it provided fresh water storage.

Q. I know both locations and really I am at a loss—and I am not taking any narrow provincial viewpoint on it—to understand why Sorel would be chosen in preference to a place like Bedford Basin which is entirely sheltered, no winds, and all kinds of moorage facilities available without interrupting or disturbing in the slightest manner ship movements in and around the port of Halifax.—A. I know the officers of the corporation at the time this was decided on made quite a study of this prior to deciding on Sorel. I was not with the corporation at the time that was done. I do not know the specific details.

Mr. BRADETTE: Would it cost more to have these ships at Sorel than at Halifax? Would there be more cost attached to having them there?

Mr. PROBE: They were steamed from Halifax to Sorel.

Mr. BRADETTE: There must have been some reason.

Mr. ISNOR: That is why I am trying to find out. I believe there would have been less expense in connection with storing these ships at Bedford Basin than at the present place.

The WITNESS: I think most of the officers of the corporation who were concerned with that particular operation have since left the corporation, but I will be glad to examine the files to see whether I can produce a statement.

Mr. HOMUTH: Perhaps they should have left.

Mr. REID: I am sorry to have to come back to a former question, but I am coming back because I have not got the answer I thought I should get. It is with regard to the question as to why so many tug boats would be sold through the office at Calgary when many vessels that were sold to people in Vancouver were sold through the Montreal office. I cannot understand why the Calgary office should sell so many tugs.

Mr. PROBE: They were prairie schooners.

The WITNESS: May I try to explain to Mr. Reid? It is quite possible these sales were consummated and negotiated in the Montreal office, but for documenting purposes they were passed through the Calgary branch.

*By Mr. Reid:*

Q. Why did they go through the Calgary branch? I find a firm in the east buying a tug through the Calgary office?—A. That would not be bought through the Calgary office. It is for the purpose of documentation that it goes through the Calgary branch. Why that should happen in that particular case I do not know. I do not think that it affects the situation. We sold the tug and got a good price for it.

Q. I should like you to look into it and bring back a better answer as to why the Calgary office should sell so many tugs.

Mr. MCGREGOR: I want to ask one question.

The VICE CHAIRMAN: Is it on the same matter?

Mr. MCGREGOR: No, it is in connection with this. In regard to Bedford Basin is that a government basin?

Mr. ISNOR: That is a very fine sheet of water adjacent to Halifax harbour.

Mr. MCGREGOR: Owned by the government?

Mr. ISNOR: It is your property and my property.

Mr. MCGREGOR: What I am getting at is the navy could store those ships there without cost?

Mr. ISNOR: Except maintenance charges.

Mr. MCGREGOR: What I should like to know is how much money has been paid to Sorel for rental or storage of these boats since they have been stored there because after all if we store them there I suppose we have got to look after the maintenance of the boats. Somebody has to look after the maintenance of the boats. Did the government maintain the boats after they were there or did Marine Industries maintain the boats?

The WITNESS: In general—and I will have this statement checked—money was paid to Marine Industries to lay the moorings in the harbour at Sorel for the mooring of these boats. The boats were moored by navy personnel and then taken over by War Assets Corporation guards as the navy personnel left. I do not know of any charge being made for the use of the water in which the boats were floating.

*By Mr. McGregor:*

Q. Maybe they did not charge for the use of the water but probably they charged for the use of something else?—A. As far as I know the only payment that was made was in respect of the preparation and the laying of moorings. I will have that checked.

Q. You might give us a statement as to all moneys that were paid to Marine Industries in connection with these boats. While we are getting that it might be a good idea to have a list of the boats that were brought from Halifax up to Marine Industries and stored there.—A. We must be precise about that. You want a statement of the moneys paid to Marine Industries in respect of the storage of boats at Sorel?

Q. The storage of boats and any other charges in connection with these boats at Sorel, and also how many boats were brought from Halifax to Sorel, and the names of them?

Mr. HOMUTH: And the cost of building the moorings in order to accommodate these boats.

Mr. MCGREGOR: And also the cost of bringing the boats from Halifax to Sorel.

Mr. MURPHY: I think you asked about some particulars a few moments ago, Mr. Isnor, and I wonder if you could add the legal fees that were paid in connection with that question? Would you mind having that added to your question?

Mr. ISNOR: I suggested one month.

Mr. MURPHY: And to whom they were paid?

Mr. ISNOR: We will have that.

Mr. MURPHY: That is understood. That is the firms to whom they were paid.

*By Mr. Murphy:*

Q. Mr. Berry, I wonder if you could tell me— —A. May I get this absolutely clear because I must have specific questions? I have some questions on my desk now that I am having to interpret the best way I can as to their meaning, as to what information is required, and on some of the questions I have to get my own crystal out to see what they mean. They are very difficult.

Mr. MURPHY: Mr. Isnor asked for legal fees, and all I am asking is to whom legal fees were paid.

Mr. ISNOR: Under the terms of that agreement they may charge the legal fees of solicitors of their own organization, but not outside solicitors' fees, as I understand the agreement.

The WITNESS: They may not pay the fees of outside solicitors.

Mr. MURPHY: Yes, the ones that were paid by War Assets.

*By Mr. Murphy:*

Q. Mr. Berry, I would like to get the picture clear about the appraisal of these craft, have you a record of appraisals and what the cost in commissions came to?—A. We have our own men who make the appraisal, and then we employ independent appraisers to make an appraisal as well in most cases.

Q. It will be one firm of appraisers for the whole thing?—A. It varies.

Q. Well, could you give us any idea as to how many firms you employed, how many people you employed as independent appraisers?—A. I am afraid I could not. I can examine our records to see if we have any record of that.

Q. You will do that?—A. I will be glad to.

Q. And at the same time let us know how these appraisers were paid, whether by commission or otherwise.—A. You would like to know the basis of the payment of commissions and the amount of commissions paid?

Q. Yes.—A. I will try to get that for you.

*By Mr. Shaw:*

Q. I notice on the first page of the list of motor vessels and boats that the price at which sold is not given with respect to items 11, 12, 13 and 14 on that page. Will you see that that information is submitted, please?



Mr. McILRAITH: What page is that?

Mr. SHAW: That is on the list of motor vessels and boats. It is not numbered. In the right hand column is given the price at which the boats were sold, and then starting down with item 11, there are four items with respect to which the selling price has not been given. Then, further on, I see an item where a boat was sold to a Mr. Shepherd for \$1—would that be a boat which had been given for use at a dollar?

The WITNESS: I would imagine that would be the answer. I will have that looked up and see.

Mr. PROBE: The commissions are being covered in the reply that is being prepared, are they?

The WITNESS: The commissions paid on the sale of ships?

Mr. PROBE: Yes.

The WITNESS: I will be glad to get that.

Mr. REID: In the case of outside purchases, for instance the British admiralty or the United States of Venezuela, do they have to pay in United States fund.

The WITNESS: To the best of my recollection, yes. I think there have been no exceptions to that.

*By Mr. Shaw:*

Q. Mr. Chairman, in respect to these motor vessels and boats, were they advertised right across Canada? You see, these motor vessels and small boats would be suitable for use on lakes, even in our own province where extensive commercial fishing is carried on in the northern part. Were these advertised right across Canada?—A. I made a general statement on advertising policy on Tuesday, which I believe answers that one.

Q. You did not mention ships specifically?—A. Yes, I mentioned ships specifically.

*By Mr. McGregor:*

Q. I see on the last pages of this return on the sale of 10,000-ton ships that there are quite a number against which the notation appears "not delivered". Could you tell us the meaning of that?—A. The boats themselves are on charter at the moment and delivery cannot be effected until they are returned to a Canadian port. They are sold, either to the present charterer or a new owner, but delivery cannot be effected on the high seas, we must wait for them to come back to port to make delivery.

Q. But these boats would not be in a position of boats that are sold and not finished yet, these boats are finished?—A. Right.

Mr. MCGREGOR: I do not think we can discuss this thing very intelligently until we get the price, and I would suggest that we leave this over to a future meeting.

*By Mr. Reid:*

Q. Coming back to the question of United States funds, in the case of the United States of Venezuela the price was \$230,000; would that price include the 10 per cent or 11 per cent added discount, or would that be United States funds and the real return in terms of Canadian funds be \$230,000 plus the \$22,000 or \$23,000 premium?—A. I do not know authoritatively. I should imagine that is stated in Canadian funds; but that was paid for in United States funds. I will have that checked.

Q. And what about the policy of selling these vessels one at a time. There have been complaints from fishermen and some fishing companies that only one is sold to each person.

Mr. ISNOR: Following up Mr. McGregor's suggestion and remark concerning the presentation of costs by the present witness, I feel that we could save considerable time and provide these officials, particularly the specialists, an opportunity of getting on with the work we have to do, if we were to call witnesses from the Department of Munitions and Supply who might be able to give us that information.

Mr. McILRAITH: I think it is already in *Hansard*.

Mr. ISNOR: Yes, and I for one hesitate to ask Mr. Berry to prepare something that is really not under his jurisdiction.

Mr. PROBE: If it is already in *Hansard* we could look it up.

Mr. HOMUTH: We do not care where it is as long as it is somewhere where we can have it.

Mr. ISNOR: I pointed that out so that Mr. McGregor would not have any chance of saying that he was not being supplied with the information he wanted, so that he would not have occasion to start another argument with me. We don't want to get into any fight over this thing.

Mr. HOMUTH: We can have one here any time you like.

Mr. ISNOR: Well, Mr. Homuth, I was addressing the chair.

Mr. HOMUTH: So far as I am concerned I am ready to start a fight right now if you want it.

Mr. ISNOR: You are always ready to start that.

Mr. HOMUTH: You are quite right; if you want to start, let's go to it now.

Mr. ISNOR: And I would not be surprised that you would get the best of me.

Mr. HOMUTH: Well, I don't know about that, but we are always ready to start.

Mr. ISNOR: Oh, I am not worrying about that. What I am trying to do is save unnecessary work and to accomplish the same purpose, that is what I am trying to do. And I was trying to make what I thought was a useful suggestion as to a method which would bring about the results Mr. McGregor is anxious to arrive at.

Mr. MCGREGOR: Just while you are on that, I do not think there is any use wasting any more time on this thing until we know just what the witness is going to come here and be prepared to answer. It is all very fine for him to come here and say the boats cost an average of so much. That is not good enough. And, furthermore, before we can arrive at the cost of these boats we have got to have the privately owned yards, and the government owned yards, and we have got to have the cost of those yards, because when a man was building a boat on a privately owned yard he has got to have in the cost of his boats the cost of whatever money he has spent on the yard, that should be done in the government owned yards too. If the witness is prepared to come here and give us a record of just exactly the total cost of every boat that has been built in Canada, all well and good. If not, we will prepare questions in detail that will lay out exactly what we want. I am quite prepared to admit that up to the present time any questions we have asked we thought were covering the subject; but the experts, whoever answered the questions, picked out exactly just what they had to pick out and left out whatever they could leave out. When they bring stuff here before this committee we don't get any place with it because the questions have not been answered that were asked. If the witness is prepared to come here and answer all these questions, all well and good; if not, we will prepare detailed questions.

The VICE-CHAIRMAN: I think there is a statement forthcoming along the lines mentioned by Mr. McIlraith on costs on some of these ships. We better wait for the filing of that statement.

Mr. BRADETTE: And there are some other questions on which Mr. Berry is preparing answers?

The VICE-CHAIRMAN: Yes. Are there any other questions, gentlemen? If not, we will adjourn until next Tuesday at 11.00 o'clock a.m., when, if it is agreeable to the committee, discussion will be continued on the statement submitted today.

Appendix "A" follows.

## APPENDIX "A"

(Submitted by Mr. H. F. Gordon, Deputy Minister of National Defence for Air)

### MEMORANDUM

29th May, 1946.

SSO

#### Mutilation of Batteries—1ED

1. As directed, the undersigned investigated the situation reported in *Winnipeg Free Press*, in respect to the alleged mutilation of batteries at 1 ED, Toronto. Unfortunately I was unable to contact Dr. Boris Sherashevski, the author of the article in order to obtain more information as to the basis of his charges, particularly since his allegations are at such variance with the facts. Attached is copy of letter to him requesting an interview. If he consents to the interview I will render a further report.

2. The attached Appendix "A" indicates that during the periods 1944/45 and 1945/46, a total of 858 various types of lead acid accumulators in stock were found to have been damaged or deteriorated and were converted to produce except for 8 which were sent for repair. It will be noted these are all aircraft type accumulators and are not usable in MT vehicles for the following reasons.

- (a) Private and commercial vehicles use 6 volt 120 ampere hour batteries, all the aircraft accumulators in question are 2, 4, 12 or 24 volt.
- (b) The ampere hour rating of aircraft batteries is so low they are not usable in cars or trucks.
- (c) The dimensions and type of construction of aircraft accumulators is such that they are not adaptable to cars or trucks. Further the type of terminals of aircraft batteries are not suitable for standard MT battery cables.

3. The following four lots of scrap aircraft accumulators were released by 1 ED Toronto to G. Solway and Sons on authority of War Assets blanket contract for scrap.

			Qty
25 June	1945	IV S1434	57
3 Oct.	1945	IV S3167	314
14 Jan.	1946	IV S4309	73
25 March	1946	IV S5087	51
Total			495

4. In addition to the foregoing Solway and Sons advised the only other aircraft accumulators received was a quantity of 162 from Mount Hope on 9 November 1945.



5. A Mr. R. C. Brown, employed in the salvage section at 1 ED for the past five years was interviewed and stated they have never had occasion to mutilate unserviceable batteries since the plates were sulphated, cases were broken or otherwise so damaged that mutilation would have been a waste of effort. He further assures that no batteries have ever been scrapped at 1 ED in the manufacturers' shipping containers.

6. None of the aircraft accumulators scrapped at 1 ED were considered worth the cost of repair in view of AFRO 1988, 8 September, 1944, which directs that:—

Due to the high cost and scarcity of repair materials, only accumulator, lead acid constructed in aluminum cases are to be repaired. All other accumulators, lead acid on becoming unserviceable are to be reduced to produce.

7. Attached as Appendix "B" is a statement from G. Solway and Sons refuting the various references in the press release to that firm.

8. Unfortunately I was unable to contact Dr. Boris Sherashevski who appears to be incommunicado but on the basis of personal service knowledge of aircraft batteries and as the result of my investigation, I can only suggest the substance of the press release is the result of exaggerated hearsay or the exercise of an over active imagination.

(E. G. Mahoney) W/C  
S3

WESTON, Ontario,  
28th May, 1946.

Dr. BORIS SHERASHEVSKI,  
c/o Canadian Forum Ltd.,  
16 Huntley St.,  
Toronto, Ontario.

DEAR SIR—The writer, in endeavouring to contact you, was informed that he could do so through the Canadian Forum, Toronto, Ontario.

I have been directed by the Royal Canadian Air Force to investigate a situation at No. 1 Equipment Depot, Toronto, in regard to the alleged mutilation and scrapping of batteries, as reported in the *Winnipeg Free Press* authorship being attributed to you.

Since my investigation should be impartial and complete, I consider it advisable to obtain in more detail your side of the story. Accordingly, I would be pleased to discuss this matter with you and would appreciate being advised of the date and place most convenient to you. I can be contacted by telephone (collect) at Ottawa, 5-3392 Local 251, or by mail, c/o Air Officer Commanding, R.C.A.F. Maintenance Command, Uplands, Ontario.

Yours truly,

(E. G. MAHONEY)  
Wing Commander.

FOLLOWING IN STOCK CONVERTED TO PRODUCE  
PERIOD 1944/45 AND 1945/46

		Qty.	Original total value	Reason
CV W170	5/20	3	\$ cts. 810.55	Due to protracted period of storage in "wet" condition without periodical charging causing sulphation of plates.
27 June/44	Accumulators	7		
	"	73		
	"	6		
	"	1		
	5002	11	179.82	Sent to Exide Batteries of Canada, Ltd., Toronto on IV R315 14 July/44 for repair.
	5009	3		
	RAF2009	4		
	RAF2294	2		
	Pt No 9162	6		
CV W176	5/20	303	681.75	Plates sulphated.
5 July/44	"	3		
	"	1		
	"	200		
	"	20		
CV W558	5/27	2,381.03	28.23	Returned from units between Dec/41 and Sept/43. Plates sulphated—beyond repair—stored without periodic recharge.
6 March/45	"	1		
CV W28	5/9	28.43		
17 May/45	"	8		
CV W70	5/20	5.91		
CV W72	5/23	8.60	28.43	Case broken on receipt from 12 ED.
8 Aug/45	"	1		
14 Aug/45	"	8		
	"	1		
	"	2		
CV W127	5/27	858	47.28	Use limit date 1942. Outdated. Plates deteriorated.
14 Nov/45	"	1		
CV W130	5/10	5.91		
19 Nov/45	"	8		
CV W547	5/10	1		
CV W548	5/9	2	8.60	Cracked case.
21 Feb/45	"	2		
	"	2		
	"	2		
	"	2		
Total.....		858		

\* These were obsolete since they were in glass containers.

1. We never received more than one truckload at any time from the Air Force and therefore the statement that several truckloads of new storage batteries were seen being unloaded in our yard is entirely incorrect.

2. The assertion of the knowledge that the batteries originated from No. 1 Equipment Depot is probably pure guess work. As a matter of fact all the batteries that we received from a good many sources were thrown on the same pile and furthermore we would certainly not divulge to any stranger where the scrap originated from.

3. We do not agree with the assertion that all the filler caps were smashed in the same spot and as a matter of fact our recollection was that this was not so.

4. How could anyone know the batteries were shipped dry unless the caps were taken off and each battery turned over to see if any liquid remained.

5. We would never state that batteries could only be sold in truckload lots because if a person has a permit to purchase batteries from the Metals Controller he can purchase Battery Lead Scrap in any quantities from a pound to a carload lot, as long as the permit calls for so doing.

6. We have never at any time sold any cases for re-use and no member of the government or War Assets Corporation spoke to us in this connection.

7. No mention was ever made by us to the effect that people had offered to buy batteries at \$5.00 each.

8. We never told anyone that we could make a profit of \$5,000.00 by selling these batteries for re-use and even if we could, it certainly does not appear likely that we would confide this information to a total stranger. Later on in the same paragraph he states that we were suspicious of his motives and then alleges we confided the above-mentioned information to him. The story does not appear very consistent.

9. We do not operate our own trucks and all our transportation is done on a tonnage basis and we have never purchased any equipment or batteries for these trucks.

10. We have never tried to get permission from War Assets Corporation to use any of these batteries.

11. Our yard man never spoke to anyone about someone coming from War Assets Corporation to supervise the destruction of the batteries and it is utterly untrue for anyone to state that we argued with any individual from War Assets Corporation in order to re-sell these batteries.

12. The assertion is made that one Exide battery took and retained charge without difficulty. How could anyone make this statement about the batteries as they never received a sample battery to test. As far as our firm is concerned we purchased these batteries from the War Assets Corporation as scrap material and our contracts with the government were carried out. The War Assets Sales Orders definitely instruct the buyer that all material purchased from them on a scrap basis is to be sold as scrap and we acted accordingly.

(Sgd.) E. G. MAHONEY  
W/C R.C.A.F.

G. SOLWAY & SONS LTD.  
(Sgd.) H. SOLWAY

Two Different Versions of—

### "BATTERY SALES BY WAR ASSETS"

Among the many articles of public property disposed of by War Assets Corporation were a group of R.C.A.F. storage batteries sold to a Toronto dealer as scrap. This alleged scrap has been investigated for the Free Press by Dr. Boris Sherashevski of Toronto. He reports it to have been usable and that these batteries had been deliberately mutilated. There are other discrepancies between



Dr. Sherashevski's finding and the corporation's version. Both are printed below with a few of the questions the discrepancy in fact between the two versions immediately raises.

*Dr. Boris Sherashevski*

Although the War Assets corporation continues to deny that valuable equipment is being destroyed, brief investigations in any large city will yield much evidence to the contrary. Not long ago I noticed several truckloads of new storage batteries being unloaded at the salvage yard of Solway and Sons in Toronto. Most of these batteries were still in their original packing cases and all of them carried a red R.C.A.F. "produce" card which means scrap.

The batteries had been in storage at No. 1 Equipment Depot and apparently had been made into scrap by the R.C.A.F. by the simple process of smashing in one of the filler caps with a hammer and then marking the red cap "broken cap". Since all of the approximately 1,000 batteries were smashed in the same end filler cap the processing for scrap was probably done by laying them in rows and going down each row with a hammer. Even with a broken filler cap most of the batteries were still usable and could be sold at prices ranging from \$10 for a heavy duty automobile battery to \$50 for a 24 volt aircraft type. The batteries had been shipped dry and had never been filled with acid by the R.C.A.F. The plates and separators were quite unused, and most of the crates carried instruction cards printed by Exide, showing how to put the new batteries in service.

To get to the bottom of this, I tried to buy some of the batteries from Mr. Solway. First he said they could be sold only in truckload lots. I offered to buy a truckload. Then he said there was a government restriction on metals and he was not allowed to sell unless I had a permit from the Metals Controller. I offered to get a permit.

Finally he saw I knew what was going on, and said that his contract with the government expressly forbade any reselling of goods sold to him as scrap. Later, he told me that he used to remove the lead from the batteries and sell the cases for re-use but this was stopped by the government. They used also to carry the pieces, after the batteries had been broken up, to the city dump, but this was stopped on order from War Assets, who said that all scrap had to be burned right in the yard. They had found that citizens snooping around the city dump could tell that the broken battery cases had never been used. He said further that several people had offered to buy the batteries at \$5 each, but he would not risk breaking his contract, even for a profit of nearly \$5,000. (Cost price of 1,000 batteries: 25 tons at \$4 a ton—scrap price—is \$100. Selling price of 1,000 batteries at \$5 is \$5,000; or a profit of \$4,900.)

I kept trying to buy the batteries on various pretexts for over a month, and on one of my visits Mr. Solway confided to me that he was trying to get permission from War Assets to use a few of them in his own trucks, as batteries of that type were scarce. Soon after this I found the batteries had been broken up. The yard man said an inspector from War Assets had come to supervise the destruction in person, and that when Mr. Solway remonstrated with him saying that he had a market for the batteries, the War Assets man said there was no shortage of prospective buyers, but if batteries were to be sold to the public the Corporation would do it.

There is no question but that the batteries were new and in excellent condition, except for one broken filler cap.

One Exide battery took and retained a charge without difficulty, and has been in use for the past six months. After the batteries had been broken up I obtained samples of the lead plates and cedar separators, which can easily be shown to have come from new batteries.

When I first saw the batteries in the yard, I interviewed Mr. Burgess at the Toronto office of the War Assets Corporation. He said that no batteries had yet been declared surplus by the services. At the same time I wrote to Mr. Douglas, head of the aircraft section of War Assets in Montreal, again asking specifically about aircraft storage batteries. The letter was never answered.

All the evidence indicates that these batteries were new, that they were mutilated by the R.C.A.F. to make them qualify as scrap, and that they could have ready sale to the consuming public for a gross saving to the government of nearly \$5,000. But it is not easy to fix the responsibility on a particular agency of the government. The R.C.A.F. depot is crowded and must make room in some way for the mountains of equipment being brought in from other depots recently closed down. Since batteries shipped dry deteriorate in storage after one or two years, this particular type of equipment cannot be stored forever. The case cited is probably more an example of muddle than of perfidity, but the net result is that these batteries are gone and the consumers who need storage batteries at low prices cannot get them.

### *Official Version*

Information obtained from War Assets Corporation gives this picture of the storage battery incident. A total of 444 storage batteries, owned by the Department of National Defence for Air at No. 1 Equipment Depot were classified as scrap. According to the R.C.A.F., these had either been broken in transit or used beyond repair. Having been classified by the R.C.A.F. as scrap, the batteries were disposed of by War Assets Corporation as scrap. In June, 1945, 57 were sold to one dealer. In October, 1945, 314 were sold to Solway and Sons, Toronto, and in January of this year, a further 73 were disposed of to Solway. The important fact in this deal, says the corporation, was that this equipment was not in any sense usable and therefore sold as scrap.

### *Questions*

(1) War Assets, basing its information on information supplied by the R.C.A.F., claims the batteries were not usable in any sense. Dr. Sherashevski says they were.

(2) War Assets Corporation says the batteries were either damaged in transit or used beyond repair. Dr. Sherashevski says that they were all damaged in exactly the same spot "probably by going down each row with a hammer" and that some were "quite unused".

(3) Dr. Sherashevski states the batteries could have been sold at from \$10 to \$50. The department's contract forbade Mr. Solway selling them except as scrap. Why?

(4) Dr. Sherashevski charges that on one of his trips to the junk yard, he found the batteries had been broken up allegedly under the direct supervision of an inspector from War Assets.

(5) When Dr. Sherashevski first saw the batteries he visited the Toronto offices of War Assets and was told no batteries had yet been declared surplus by the services.

(6) Dr. Sherashevski says the evidence indicates the batteries were new, that they had been deliberately mutilated, that they could have been sold to the public at saving to the Government of nearly \$5,000.

## APPENDIX "B"

## WAR ASSETS CORPORATION SHIPS SALES

October 1st, 1944 to April 15th, 1946 Inclusive

## BARGES

Vessel	To whom sold	Of	Date sold	Branch	Price
Canal Barge	A. J. McDonald.		Mar. 13-45	Calgary	100.00
F. I. Barge No. 708	Yellow Knife Transportation Co.	Edmonton, Alta.		"	
No. 703	"	"		"	
S' Henry Barge No. 511	"	"	Apr. 30-45	"	1,000.00
No. 502	"	"		"	
Canolette Barge No. 300	"	"		"	
No. 330	"	"		"	
Canal Barge No. 15	"	"		"	
33 Minca Barges	R. C. Navy	Ottawa	Sept. 16-45	Mtl.	13,200.00
Wood Barges	Hudson Bay Col.	Edmonton, Alta.	Sept. 27-45	Calgary	2,500.00
Wood Barges	Jack Moor		Oct. 4-45	Calgary	600.00
10 Minca Barges	J. D. Irving	Buctouche	Jan. 15-46	Mtl.	5,000.00
10	"	"		"	5,000.00
1	Gaston DeSerres	Montreal	Jan. 18-46	"	5,000.00
6	W. N. MacDonald	Sydney, N.S.	Jan. 29-46	Hfx.	3,000.00
3	C. A. Pitts	Toronto	Jan. 25-46	Mtl.	1,500.00
3	St. John Tug Boat Co.	Saint, John, N.B.	Jan. 28-46	"	1,500.00
2	J. N. D. Holden	Trenton, Ont.	Feb. 14-46	"	1,000.00
1	A. Lemieux	Montreal	Feb. 19-46	"	500.00
2	Dept. Public Works	Ottawa	Feb. 24-46	"	1,000.00
14	W. H. Meighan	Montreal	Mar. 8-46	"	7,000.00
1 Phoenix Nesting Barges	A. J. Murphy Co.	Katchford, Ont.	Mar. 8-46	"	3,500.00
2	Can. International Pulp & Paper Co.	Montreal	Mar. 8-46	"	7,000.00
4	Sincennes McNaughton Line	Montreal	Mar. 11-46	"	14,000.00
2	Marine Industries	Montreal	Mar. 11-46	"	7,000.00
1	Missionary Oblates of M.I.	Ottawa	Mar. 11-46	"	3,500.00
3	Can. European Forwarders	Toronto	Mar. 11-46	"	15,000.00
1 Minca Barge	Geo. Williams	Ottawa	Mar. 11-46	"	500.00
2 Phoenix Nesting	Dominion Bridge Co. Limited	Montreal	Mar. 19-46	Mtl.	7,000.00
30 Mincas	Can. Hardware Novelty Company	Montreal	Mar. 19-46	"	15,000.00
30	Gaston DeSerres	Montreal	Mar. 19-46	"	6,500.00
30	"	Montreal	Mar. 19-46	"	15,000.00
11	A. Landry	Outremont, P.Q.	Mar. 22-46	"	5,500.00
1 Phoenix Nesting	Brennan Paving Co.	Hamilton	Mar. 22-46	"	3,500.00
1 Minca	Can. International Paper Co.	Montreal	Mar. 22-46	"	500.00
30	Can. H'dwr. & Novelty Company	Montreal	Mar. 26-46	"	15,000.00
15	Norcan Co.	Montreal	Mar. 26-46	"	15,000.00
19	Gaston DeSerres	Montreal	Mar. 26-46	"	9,500.00
30 Phoenix Nesting	Steamship Gear Ltd.	Montreal	Mar. 29-46	"	150,000.00
20 Mincas	"	Montreal	Mar. 29-46	"	10,000.00
1 Phoenix Nesting	British Columbia Refining Co.	Vancouver	Apr. 1-46	"	3,500.00
2	"	"	"	"	7,000.00
79 Minca Barges	Gaston DeSerres	Montreal	Apr. 2-46	"	39,500.00
10	Norcan Co., Ltd.	"	Apr. 4-46	"	10,000.00
3	H. S. Tuckwell	Winnipeg	Apr. 3-46	"	1,500.00

## CORVETTES

Halifax	Capt. A. S. Publicover	Liverpool, N.S.	Aug. 12-45	Halifax	\$50,000.00
Rimouski	International Iron & Metals Co.	Hamilton, Ont.	Sept. 19-45	Montreal	10,000.00
Moose Jaw	"	"	"	"	10,000.00
The Pas	"	"	"	"	10,000.00
Collingwood	"	"	"	"	10,000.00
Port Arthur	"	"	"	"	10,000.00
Strathroy	United Ship Corp.	New York	Oct. 2-45	"	
Norsyd	"	"	"	"	
Stellarton	"	"	"	"	
Riviere du Loup	"	"	"	"	
Mimico	"	"	"	"	
Lindsay	"	"	"	"	
Owen Sound	"	"	"	"	
Thorlock	"	"	"	"	
Beauharnois	"	"	"	"	
Guelph	"	"	"	"	470,000.00
Lachute	"	"	"	"	
Whitty	"	"	"	"	
Hawkesbury	"	"	"	"	
Frontenac	"	"	"	"	
Peterborough	"	"	"	"	
St. Lambert	"	"	"	"	
Louisburg	"	"	"	"	
Belleville	"	"	"	"	
Asbestos	"	"	"	"	



## CORVETTES

Vessel	To whom sold	Of	Date sold	Branch	Price
					\$ cts.
Matapedia.....	Frankel Bros.....	Toronto, Ont.....	Oct. 5-45	Montreal...	10,000.00
Barrie.....	".....	".....	".....	".....	10,000.00
Lethbridge.....	Marine Industries Ltd.....	Sorel, P.Q.....	".....	".....	10,000.00
Chambly.....	".....	".....	".....	".....	10,000.00
Cobalt.....	".....	".....	".....	".....	10,000.00
Lunenburg.....	Frankel Bros.....	Toronto, Ont.....	".....	".....	10,000.00
Prescott.....	".....	".....	Oct. 17-45	".....	10,000.00
Chicoutimi.....	".....	".....	".....	".....	10,000.00
Rosthern.....	".....	".....	".....	".....	10,000.00
Napanee.....	".....	".....	Oct. 5-45	".....	10,000.00
Summerside.....	".....	".....	".....	".....	10,000.00
Dawson.....	Dominion Foundries Co.....	Hamilton, Ont.....	".....	".....	10,000.00
Brandon.....	".....	".....	".....	".....	10,000.00
Vancouver.....	".....	".....	".....	".....	10,000.00
Fores Hill.....	".....	".....	".....	".....	10,000.00
Quesnel.....	".....	".....	".....	".....	10,000.00
Chilliwack.....	".....	".....	".....	".....	10,000.00
La Malbaie.....	International Iron & Metal Co.....	".....	Oct. 17-45	".....	10,000.00
Calgary.....	".....	".....	".....	".....	10,000.00
Kitchener.....	".....	".....	".....	".....	10,000.00
Algona.....	United States of Venezuela.....	South America....	".....	".....	".....
Kamuck.....	".....	".....	".....	".....	".....
Amherst.....	".....	".....	".....	".....	".....
Battleford.....	".....	".....	".....	".....	230,000.00
Westaskiwin.....	".....	".....	".....	".....	".....
Dunvegan.....	".....	".....	".....	".....	".....
Oakville.....	".....	".....	".....	".....	".....
Kamloops.....	J. Earl McQueen.....	Amherstburg.....	Oct. 19-45	".....	12,000.00
West York.....	U.S. Ship Corp.....	New York.....	Oct. 22-45	".....	20,000.00
Orillia.....	International Iron & Metal Co.....	Hamilton, Ont.....	Oct. 23-45	".....	10,000.00
Sherbrooke.....	".....	".....	".....	".....	10,000.00
Camrose.....	".....	".....	".....	".....	10,000.00
Buctouche.....	".....	".....	".....	".....	10,000.00
Morden.....	".....	".....	".....	".....	10,000.00
Trail.....	".....	".....	".....	".....	10,000.00
Kenogami.....	".....	".....	".....	".....	10,000.00
Drumheller.....	".....	".....	".....	".....	10,000.00
Dundas.....	".....	".....	".....	".....	10,000.00
Beddeck.....	U.S. Ship Corp.....	New York.....	Oct. 25-45	".....	20,000.00
Edmunston.....	".....	".....	".....	".....	20,000.00
Arvida.....	U.S. Ship Corp.....	New York.....	Oct. 25-45	Mtl.	\$20,000.00
Dauphin.....	".....	".....	25-45	".....	20,000.00
Fredericton.....	K. C. Irving Ltd.....	Moncton, N.B....	Nov. 16-45	".....	29,000.00
Ville de Quebec.....	".....	".....	16-45	".....	29,000.00
New Westminster.....	".....	".....	16-45	".....	29,000.00
Agassiz.....	K. C. Irving Ltd.....	".....	16-45	".....	29,000.00
Pictou.....	".....	".....	16-45	".....	29,000.00
Timmins.....	".....	".....	16-45	".....	29,000.00
Saskatoon.....	".....	".....	16-45	".....	29,000.00
Sorel.....	".....	".....	16-45	".....	29,000.00
Merrittonia.....	".....	".....	16-45	".....	29,000.00
Fergus.....	".....	".....	16-45	".....	29,000.00
Midland.....	Great Lakes Lumber Co.....	Fort William.....	Nov. 19-45	".....	12,000.00
Coburg.....	K. C. Irving Ltd.....	Moncton, N.B....	19-45	".....	10,000.00
Long Branch.....	".....	".....	19-45	".....	10,000.00
Gifford.....	".....	".....	19-45	".....	10,000.00
North Bay.....	".....	".....	19-45	".....	10,000.00
Athol.....	".....	".....	19-45	".....	10,000.00
4 Corvettes.....	Straits Towing & Salvage Co.....	Vancouver.....	Dec. 19-45	Van.	180,000.00
Leside.....	Union S/S Co. Ltd.....	".....	Mar. 18-46	Mtl.	75,000.00
Hespeler.....	".....	".....	18-46	".....	75,000.00
St. Thomas.....	".....	".....	18-46	".....	75,000.00
Orangeville.....	Chinese Port.....	China.....	Apr. 4-46	".....	95,000.00
Humberstone.....	".....	".....	4-46	".....	95,000.00
Copper Cliff.....	".....	".....	4-46	".....	95,000.00
Bowmanville.....	".....	".....	4-46	".....	95,000.00
Tillsonburg.....	".....	".....	4-46	".....	95,000.00
Arnprior.....	Louis Levine.....	Montreal.....	Apr. 11-46	".....	80,000.00
Salisbury.....	Frankel Bros.....	Toronto.....	Oct. 10-44	Montreal..	\$15,000.00
Mansfield.....	".....	".....	".....	".....	".....
Renard.....	W. N. Macdonald.....	Sydney, N.S.....	May 19-45	".....	7,000.00
Annapolis.....	Frankel Bros.....	Toronto.....	June 7-45	".....	7,000.00
Buxton.....	".....	".....	".....	".....	7,500.00
St. Francis.....	".....	".....	Aug. 4-45	".....	7,500.00
Hamilton.....	".....	".....	".....	".....	7,000.00
Skeena.....	British Admiralty.....	England.....	Aug. 18-45	".....	6,034.50
Assinaboine.....	Frankel Bros.....	Toronto.....	Sep. 18-45	".....	10,000.00

## FAIRMILES

Vessel	To whom sold	Of	Date sold	Branch	Price
Q-082	Stanley C. Alexander	Gaspé, Que.	May 22-45	Montreal	\$ cts. 470. 00
Q-112	R.C.M.P.	Ottawa	July 17-45	"	
114	"	"	"	"	
117	"	"	"	"	
119	"	"	"	"	20,000. 00
088	W. F. Christie	Toronto	Sept. 18-45	"	3,000. 00
109	Francis Farwell	Hamilton, Ont.	" 21-45	"	3,000. 00
113	Emile Chaput	Montreal	" 24-45	"	3,000. 00
115	Upper Lakes and St. Lawrence Transportation	Toronto	" 27-45	"	6,000. 00
120	"	"	"	"	
095	Roderick Corbeil	Montreal	" 29-45	"	3,000. 00
099	J. Dunhelman	Toronto	"	"	3,000. 00
100	F. Farwell	Hamilton	Oct. 1-45	"	3,000. 00
102	"	"	"	"	3,000. 00
118	"	"	" 9-45	"	3,000. 00
083	Lorne Johnson	Montagne, P.E.I.	"	"	3,000. 00
080	United Boat Service	New York	"	"	3,000. 00
085	"	"	"	"	3,000. 00
091	Wendell Graham	Montagne, P.E.I.	" 10-45	"	3,000. 00
084	"	"	"	"	3,000. 00
098	J. Sicard	Montreal	"	"	3,000. 00
094	A. E. Griffin	Montagne, P.E.I.	" 11-45	"	3,000. 00
093	Donelma Securities Ltd.	Toronto	" 18-45	"	3,000. 00
081	Louis Levine	Montreal	"	"	3,000. 00
101	Gt. Lakes Lumber and Shipping	Fort William	" 19-45	"	3,000. 00
078	George Elie Transit Tankers	Montreal	"	"	3,000. 00
054	Marine Industries	Sorel	" 23-45	"	3,000. 00
077	Consol'd Shipping Corp.	"	"	"	3,000. 00
075	Acme Boat & Salvage	New York, N.Y.	" 24-45	"	3,000. 00
076	"	"	"	"	3,000. 00
072	"	"	"	"	3,000. 00
Q-073	Acme Boat & Salvage	New York, N.Y.	Oct. 24-45	"	3,000. 00
079	Jas. L. Gillanders	Toronto	" 27-45	"	3,000. 00
110	Louis Levine	Montreal	" 29-45	"	1,500. 00
089	Northern Engineering & Supply	Fort William	"	"	3,000. 00
Fairmiles	Hamiltain Ltd.	Vancouver	" -45	Vanc.	21,000. 00
Fairmile	Willard G. Weston	"	" -45	"	3,000. 00
"	Coal Island Ltd.	"	" -45	"	3,000. 00
"	Marine Mfg. Ltd.	"	" -45	"	3,000. 00
"	Finning Tractor & Equip.	"	" -45	"	3,000. 00
"	Straits Towing & Salvages	"	" -45	"	3,000. 00
"	Lt. Cmdr. T. N. Lepage	"	Nov. -45	"	3,000. 00
Q-058	A. E. Griffin & another	Toronto	" 1-45	Montreal	3,000. 00
090	Brien Newkirk	"	"	"	3,000. 00
084	R. E. Gamble	"	"	"	3,000. 00
087	J. R. Tremblay	"	"	"	3,000. 00
086	K. V. Gamble	"	" 7-45	"	3,000. 00
065	Eric Phillips	"	" 16-45	"	3,000. 00
050	Marine Industries Ltd.	Sorel	" 19-45	"	
055	"	"	"	"	
053	"	"	"	"	31,600. 00
057	"	"	"	"	
103	C. W. Weegan	Penetang	"	"	3,000. 00
060	B. O. Bissette	St. Johns, Que.	" 24-45	"	3,000. 00
056	Creole Petroleum Corp.	Venezuela	Apr 12-46	"	15,800. 00
061	"	"	"	"	
2 Fairmile Launches	Creole Petroleum Co.	"	Apr. 12-46	Montreal	15,800. 00

## FRIGATES

"Magog"	Marine Industries, Ltd.	Sorel, Que.	Nov. 17-45	Montreal	2,000. 00
"Thetford Mines"	Compani La Luz Le Cieba	Honduras	Mar. 12-46	"	50,000. 00
"Seacliffe"	Government of Chile	Chile	Mar. 15-46	"	140,000. 00
"Glace Bay"	Government of Chile	Chile	Mar. 15-46	"	140,000. 00

## GATE VESSELS

No. 3	Russell Construction Co.	Toronto	Jan. 10-46	Montreal	17,420. 00
No. 4	"	"	"	"	
No. 23	Marine Industries	Montreal	Jan. 18-46	"	10,500. 00
No. 22	Can. Dredging Co. Ltd.	Midland, Ont.	Feb. 27-46	"	12,500. 00
No. 20	"	"	"	"	12,500. 00
No. 5	Dept. Public Works	Ottawa	Mar. 13-46	"	40,000. 00

## HARBOUR CRAFT

Vessel	To whom sold	Of	Date sold	Branch	Price
H.C. 126	R. E. Pallant	Vancouver	May 31-45	Vancouver	\$ 920 00
H.C. 88	Rich. J. C. O'Reilly	Halifax	July 5-45	Halifax	450 00
H.C. 118	F. Baniklin & Sons	St. John's, Nfld.	July 16-45	Nfld.	
H.C. 119	"	"	"	"	
H.C. 175	"	"	July 23-45	"	
H.C. 120	"	"	"	"	
H.D.P.C.'s	R.C.M.P.	Ottawa	July 17-45	Montreal	97,500 00
H.C. 31 (Zigzag)	"	"	Aug. 22-45	Nfld.	
H.C. 21	H. W. Pillow	Montreal	Sept. 27-45	Montreal	10,000 00
H.C. 22	Doris K. C. Taylor	Rothsay, N.B.	Sept. 5-45	Moncton	3,000 00
H.C. 76	D. K. Medermid	Halifax, N.S.	Sept. 17-45	Halifax	75 00
H.C. 36	Geo. F. Shortt	Dartmouth	Sept. 17-45	"	150 00
H.C. 158	Ralph I. Wilson	Halifax	"	"	225 00
H.C. 39	D'Arcy Sullivan	"	"	"	51 00
H.C. 236	John L. Bentley	"	"	"	410 00
H.C. 180	A. T. E. White	Bedford, N.S.	Sept. 17-45	"	200 00
H.C. 131	P. M. Oldfield	Halifax	"	"	300 00
H.C. 129	Cyril L. Parks	Noel, N. S.	"	"	80 00
H.C. 146	Badden Outhouse	Liverpool, N.S.	"	"	425 00
H.C. 81	H. D. Wickmire	Halifax, N.S.	"	"	515 00
H.C. 86	E. O. Fudge	"	Sept. 24-45	"	1,500 00
H.C. 65	Hector Delorey	"	Sept. 17-45	"	220 00
H.C. 71	F. R. Rossiter	"	Sept. 15-45	"	85 00
H.C. 56	Markland Shpg. Co.	Liverpool, N.S.	Sept. 17-45	"	2,000 00
H.C. 11	Garnet Brown	Halifax	"	"	
H.C. 157	Gordon Taylor	Fort William, N.S.	Oct. 14-45	"	700 00
H.C. 206	Dept. Customs	St. John's, Nfld.	Oct. 11-45	Nfld.	400 00
H.C. 62	United Church of Canada	"	Oct. 12-45	"	2,700 00
H.C. 93	W. Jay Nicholson	Hamilton	Oct. 10-45	Montreal	1,500 00
H.C. 202	Margaree S/S Co.	Sydney, N.S.	Nov. 7-45	Halifax	2,500 00
H.C. 72	Paul Doyle	Shediac, N.B.	Nov. 19-45	"	300 00
H.C. 66	A. H. Delroy	Halifax	Nov. 6-45	"	
H.C. 225	G. H. McLeod	Pictou, N.S.	Nov. 13-45	"	120 00
H.C. 63	Can. Kelbo Industries	Montreal	Nov. 28-45	Halifax	800 00
H.C. 59	W. B. Judge	Halifax, N.S.	Nov. 6-45	"	360 00
H.C. 159	A. W. Verity	"	Nov. 20-45	"	312 00
H.C. 196	James Baird Ltd.	St. John's, Nfld.	Nov. 8-45	"	350 00
H.C. 79	A. R. Wareham	"	Nov. 17-45	"	3,500 00
H.C. 195	Wm. Marjan	"	"	"	200 00
H.C. 74	Keating & Sons Ltd.	Montreal	Nov. 10-45	Montreal	100 00
H.C. 69	"	"	"	"	100 00
H.P.C. 2	Specialty Sales Co.	"	Nov. 20-45	"	3,000 00
H.C. 48	H. A. McLeod	Antigonish, N.S.	Dec. 16-45	Halifax	
H.C. 105	A. J. K. McKeigan	Point Edward	Dec. 24-45	"	200 00
H.C. 190	Shaw S/Co. Ltd.	Halifax	Dec. 10-45	"	7,650 00
H.C. 297	D. M. Grant	Charlottetown, P.E.I.	Dec. 16-45	"	202 00
H.C. 13	Can. Kelbo Industries	Montreal	Dec. 18-45	"	1,000 00
H.C. 15	"	"	"	"	1,000 00
H.P.C. 4	"	"	Dec. 10-45	"	1,000 00
H.P.C. 3	"	"	Dec. 6-45	"	1,000 00
H.C. 16	Can. Kelbo Industries	Montreal	Dec. 13-45	"	1,000 00
H.C. 214	"	"	Dec. 27-45	"	1,000 00
H.C. 215	"	"	Dec. 13-45	"	1,000 00
H.C. 33	R.C. Yacht Club	Toronto, Ont.	Dec. 27-45	"	3,300 00
H.C. 75	"	"	"	"	300 00
H.C. 134	Leslie Co.	Montreal	"	"	450 10
H.C. 13	Can. Kelbo Industries	"	Dec. 18-45	"	1,000 00
H.C. 28	"	"	Dec. 6-45	"	4,000 00
H.C. 20	D. M. Dodge	Halifax	Dec. 27-45	Halifax	100 00
H.C. 191	Intl. Grenfell Assn.	New York, N.Y.	"	Nfld.	1,500 00
H.C. 233	Lake Megantic, P. & P. Co.	Lake Megantic	Dec. 4-45	Montreal	5,000 00
H.C. 50	Capt. G. S. Clark	Woodstock, N.B.	Dec. 5-45	Moncton	750 00
H.C. 37	Can. Kelbo Industries	Montreal	Dec. 6-45	"	1,500 00
H.C. 58	J. I. C. Innes	Halifax, N.S.	Dec. 7-45	Halifax	203 00
H.C. 51	Reginald White	Winnipeg, Man.	Jan. 8-46	"	750 00
H.C. 68	Fire Equipt. Co.	Montreal	Jan. 2-46	"	309 00
H.C. 58	K. J. Iverson	Innerburg, N.S.	Jan. 29-46	"	400 00
H.C. 32	Nipigon Lake Timber	Port Arthur, Ont.	Jan. 15-46	"	3,900 00
H.C. 2	Sydney Caplan Ltd.	Toronto, Ont.	Jan. 29-46	"	900 00
H.C. 24	A. A. Dempsey	Herring Cove, N.S.	Jan. 29-46	Halifax	625 00
H.C. 10	H. Flennquin	Montreal	"	"	4,500 00
H.C. 102	F. Lynch	McNabs Cove	Jan. 25-46	"	550 00
H.C. 12	Percy Hubley	Halifax, N.S.	Jan. 6-46	"	900 00
H.C. 23	G. L. Glendenning	Springhill, N.S.	Jan. 29-46	"	675 00
H.C. 1	Harry Abramsky	Kingston, Ont.	Jan. 30-46	"	500 00
H.C. 133	Leslie Co.	Montreal	Jan. 7-46	"	125 10
H.C. 156	Lt. J. H. Casty	Halifax, N.S.	Jan. 24-46	"	506 55
H.C. 73	Herbert Hemming	"	Jan. 2-46	"	225 00
H.C. 133	Earl Power	Ship Harbour, N.S.	"	"	650 00
H.C. 3	Richard Dwar	Port Colborne, Ont.	Jan. 7-46	"	650 00
H.C. 8	Capt. R. Cummins	Manitowanning, Ont.	Jan. 25-46	"	900 00



HARBOUR CRAFT—*Contc.*

Vessel	To whom sold	Of	Date sold	Branch	Price
H.C. 4.	C. R. Ennis and Another	Lockport, N.S.	Jan. 24-46	Halifax	\$ ets.
H.C. 106.	F. R. Rossiter	Halifax, N.S.	Jan. 2-46	"	900.00
H.C. 64.	Reg. Horne	Eastern Passage, N.S.	"	"	355.00
H.C. 43.	W. N. MacDonald	Sydney, N.S.	Jan. 14-46	"	100.00
H.D.P.C. 17.	Sydney Caplan	Toronto, Ont.	Jan. 29-46	"	2,200.00
H.C. 22.	Reg. White	Winnipeg, Man.	Jan. 3-46	"	2,500.00
H.C. 154.				"	675.00
H.C. 75.	W. A. Goodere	Toronto, Ont.	Feb. 11-46	Montreal	525.00
H.C. 201.	Consolidated Paper Co.	Montreal	Feb. 27-46	"	100.00
H.C. 201.	Anowhon Camp	Panse Lake, Ont.	Mar. 5-46	"	7,000.00
H.C. 2.				"	400.00
H.C. 100.	W. A. Goodere	Toronto	" 14-46	"	900.00
H.C. 40.	H. Abramsky	Kingston, Ont.	" 22-46	"	600.00
H.C. 85.	Roncap Ltd.	Toronto	" 22-46	"	750.00
H.C. 19.	Avalon Bros., Co. Ltd.	"	" 27-46	"	300.00
H.C. 234.	Marine Ind. Ltd.	Montreal	Apr. 1-46	"	2,500.00
H.C. 18.	Northern Paper Mills	Manitowanning, Ont.	" 4-46	"	4,500.00
H.C. 17.			" 4-46	"	2,000.00
Jeffrey Jan.	A. G. Morris	Quebec City	" 2-46	"	2,500.00
H.C. 295.	Atlantic Herring Com.	Ottawa	" 6-46	"	4,100.00
H.C. 89.	Capt. Jean Berthe	St. John's, Nfld.	" 4-46	"	5,500.00
H.C. 178.	Harold Andrews	"	" 5-46	"	1,550.00
H.C. 9.	Camp Arowhon	Ontario	" 10-46	"	500.00
No. 130.	H. Y. Haines	Montreal	" 11-46	"	1,500.00
No. 123.	L. L. O'Block	Vancouver	" 13-46	"	700.00
H.C. Lady Beth	Osborne Logging	Vancouver	Jan. 24-45	Vancouver	1,200.00
H.C. Joan II.	Capt. E. J. Taylor	"	" 24-45	"	1,200.00
H.C. UNO	Hon. Ed. T. Kenny	"	" 24-45	"	1,500.00
					2,500.00

## MINE SWEEPERS

"Transcona"	R.C.M.P.	Ottawa	July 17-45	Montreal	1600,000.00
"Brookville"	"	"	" 17-45	"	
"Norandor"	"	"	" 17-45	"	
"Truro"	"	"	" 17-45	"	
"Digby"	"	"	" 17-45	"	
"Lochine"	"	"	" 17-45	"	
"Trois Rivières"	"	"	" 17-45	"	30,000.00
"Granby"	"	"	" 17-45	"	
"Nanvose"	"	"	" 17-45	"	
"Gaspé"	Marine Industries Ltd.	Sorel	Mar. 26-45	Montreal	5,500.00
"Camox"	"	"	" 26-45	"	
"Stratford"	"	"	" 26-45	"	
"Melville"	Can Kelbo Industries	Montreal	Dec. 13-45	Halifax	200,000.00
126' Wooden Hull Only	Dept. Fisheries	Ottawa	Jan. 18-46	Montreal	15,000.00
	Hygien Shipping Co.	Bras D'or, N.S.	Mar. 14-46	"	

## MOTOR VESSELS AND BOATS

"Tordo"	G. Ambrose	Vancouver	Feb. 12-45	Vancouver	15,500.00
"Comber"	L. Summers	"	Feb. 28-45	"	9,000.00
Sea Wave	F. H. Sheldrake	"	"	"	2,000.00
Seiner	Peter E. Haan	"	"	"	5,000.00
Carmenita	A. Borosovich	"	"	"	5,800.00
Spray	Geo. Brown	"	"	"	11,000.00
Moresby III	M. W. Spring	"	"	"	7,000.00
Crest	G. Del Secco	"	Mar. 1-45	"	7,000.00
Western Maid	John G. Chambers	"	Mar. 2-45	"	10,000.00
Departure Bay	Jas. S. Blake	"	"	"	10,000.00
"Bantie"			April 2-45	Nfld.	
No. 20	Capt. L. T. Merriam	Halifax, N.S.	May 7-45	Halifax	
No. 8	Harry Jollimore	"	"	"	
"Lady Pat"	E. Gethpas	"	"	"	
"Avalon II"	Lakeway Lines Ltd.	Windsor, Ont.	May 30-45	Montreal	22,500.00
Motor Boat No. 16	Navy League of Canada	Vancouver	May 31-45	Vancouver	155.00
"Mahita"	Boulanger Yacht Club	Lachine, Que.	June 12-45	Montreal	900.00
"Sea Horse"	Boulanger Yacht Club	"	"	"	400.00
m/v RCASC	Allison Logging Co. Ltd.	Vancouver	July 30-45	Vancouver	1,000.00
"Marg B"	D. Davis	"	Aug. 6-45	"	669.16
22 M/B Hull	W. D. Johnson	"	Aug. 14-15	"	101.00
"Retarius"	George & Co.	Halifax, N.S.	Aug. 17-45	Halifax	800.00
"Grenade"	Geo. Bruce	Sydney, N.S.	Sept. 17-45	"	200.00
"Patricia McQueen"	J. Earl McQueen	Amherstburg	Sept. 27-45	Montreal	10,500.00
D.T. No. 7	Hector Gingras	Kamouraska, Que.	Sept. 26-45	"	150.00
"Smith Sound"	Nelson Bros. Fisheries	Vancouver	Sept. 17-45	Vancouver	10,000.00
"Dalehurst"	Falconer Marine Ltd.	"	"	"	8,750.00
Redbird (M389)	T. C. Douglas	Montreal	Oct. 1-45	Toronto	350.00
"Randy Boy" (M503)	T. C. Douglas	"	"	"	100.00
"Little Joe"	A. McIvor	Waterways, Alta.	Oct. 2-45	Calgary	5,500.00

MOTOR VESSELS AND BOATS—*Conc.*

Vessel	To whom sold	Of	Date sold	Branch	Price
					\$ cts.
"Torkie"	A. MacIver	Waterways, Alta.	Oct. 2-45	Calgary	
40' Cruiser	Keating Sons Ltd.	Montreal	Oct. 26-45	Montreal	500 00
"Sea Flash"	J. Jones	Vancouver	Oct. 10-45	Vancouver	1,500 00
"Ronaldsday"	Lt. Cdr. C. R. Brewster	Vancouver	Oct. 17-45	Vancouver	2,000 00
Power Lighter No. 10	W. M. Holland	Vancouver	Oct. 45	Vancouver	800 00
RCAF Crash Boat	I. W. Killam	Montreal	Nov. 7-45	Montreal	2,900 00
Chris Craft Runabout	Janvier Coderre	Montreal	Nov. 27-45	Montreal	1,285 00
Chris Craft Runabout	Samuel Bourgaïs	St. Hyacinth,			
		Que.	Nov. 27-45	Montreal	1,250 00
"Saltpetre"	J. B. Hoffer	Vancouver	Nov. 17-45	Vancouver	1,000 00
Mallard	T. Lawrence	Vancouver	Dec. 45	Vancouver	100 00
"Zoarees"	Louis F. Moore	Weymouth, N.S.	Jan. 25-46	Montreal	7,000 00
"Mohawk"	Can. Kelho Industries	Montreal	Jan. 28-46	Halifax	4,500 00
"Ambler"	C. H. Shepherd	Ottawa	Feb. 2-46	Montreal	1 00
"Baldpate"	Dept. Pub. Works	Wabashene, Ont.	Feb. 24-46	Montreal	12,750 00
"Aristocrat"	Mrs. R. McDonald	Souris, P.E.I.	Mar. 11-46	Montreal	9,000 00
"Lapwing"	Dept. Pub. Works	Ottawa	Mar. 13-46	Montreal	7,000 00
Kittiwake	Dept. Pub. Works	Ottawa	Mar. 13-46	Montreal	20,000 00
"Netswake II"	Roncap Ltd.	Toronto	Mar. 19-46	Montreal	300 00
M 411	Dept. Mines & Resources	Ottawa	Mar. 27-46	"	1,000 00
M 366	Dept. Mines & Resources	Ottawa	Mar. 27-46	"	1,000 00
M 508	Dept. Mines & Resources	Ottawa	Mar. 27-46	"	1,000 00
General Lechie	Dept. of Agriculture	Ottawa	Mar. 27-46	"	17,750 00
M 534	Dept. Fisheries	Ottawa	Mar. 28-46	"	22,500 00
M 533	Dept. Fisheries	Ottawa	Mar. 28-46	"	22,500 00
M 531	Dept. Fisheries	Ottawa	Mar. 28-46	"	22,500 00
"Nicola"	Dept. Fisheries	Ottawa	Mar. 28-46	"	27,500 00
"Chilco"	Dept. Fisheries	Ottawa	Mar. 28-46	"	27,500 00
"Atlin"	Dept. Fisheries	Ottawa	Mar. 28-46	"	27,500 00
"Scoter"	Dept. of Pub. Works	Ottawa	Apr. 1-46	"	10,000 00
"Preserver"	Marine Industries Ltd.	Montreal	Apr. 1-46	"	275,000 00
"Haldo"	J. H. Crang & Co.	Montreal	Apr. 3-46	"	500 00
"Elaine W"	Capt. J. L. Beck	Halifax	Apr. 3-46	"	10,000 00
m/v No. 6	Herbert J. Kerr Ltd.	Montreal	Apr. 3-46	"	525 00
M-400	Dept. Fisheries	Ottawa	Apr. 3-46	"	7,500 00
M 387	Dept. Fisheries	Ottawa	Apr. 3-46	"	7,500 00
"Alachase"	Marine Industries	Montreal	Apr. 12-46	"	5,100 00
"Fleur de Lis"	Marine Industries	Montreal	Apr. 12-46	"	17,000 00
"Pacific King"	Kenneth Bennet	Victoria	Apr. 13-46	"	5,000 00
"Shirley Mae"	F. A. Johnson	Vancouver	Apr. 13-46	"	2,555 00
"Springtime V"	N. Paul and others	Victoria	Apr. 13-46	"	11,000 00
"Haida"	H. L. Colville	Vancouver	Apr. 13-46	"	17,000 00
"Howe Sound"	Nelson Bros. Fisheries	Vancouver	Apr. 13-46	"	20,150 00
"Loyal I"	R. C. Wyllie	Vancouver	Apr. 13-46	"	12,000 00

## RAMPED CARGO LIGHTERS

R.C.L.	Rev. Father Langlois	Montreal	Nov. 7-45	Montreal	2,500 00
"	Marine Industries	"	Mar. 13-46	"	6,400 00
"	Hay & Co.	Woodstock, Ont.	Mar. 14-46	"	3,200 00
"	Alan J. Walker	Toronto, Ont.	Mar. 14-46	"	3,200 00
"	Mr. Joy Timber & Co.	"	Apr. 2-46	"	3,200 00
"	Can. Fishing Co. Ltd.	Montreal	Apr. 5-46	"	12,800 00
"	Can. International Paper Co.	"	Apr. 8-46	"	3,200 00

## RANGE BOATS

No. 499	Temiskaming & N.O. Railway	North Bay, Ont.	Sept. 27-45	Toronto	350 00
No. 500	"	"	"	"	350 00
No. 501	"	"	"	"	350 00

## SUBMARINES

Sea Wolf	Marine Industries Ltd	Sorel, P.Q.	Dec. 26-45	Montreal	9,100 00
L-23	"	"	Jan. 25-46	Halifax	3,500 00
L-27	"	"	"	"	3,500 00

## TUGS

Vessel	To whom sold	Of	Date sold	Branch	Price
"Johnville".....	Dept. Public Works.....	Ottawa.....	Jan. 4-46	Montreal...	9,000.00
"Pierreville".....	Dept. Transport.....	Ottawa.....	"	"	9,000.00
Glenora.....	Sincennes McNaughton Lines.....	Montreal.....	Mar. 18-46	"	55,000.00
Norton.....	Marathon Paper Mills of Can.....	Port Arthur.....	"	"	178,000.00
Glencove.....	Anticosti Shipper Company.....	Montreal.....	Mar. 19-46	"	57,000.00
Rockhill.....	Lt. Geo. E. Irving.....	Pt. Dalhousie.....	"	"	140,000.00
Rockswiff.....	St. John Tub Boat Co. Limited.....	St. John, N.B.....	Mar. 22-46	"	140,000.00
Tanac V 220.....	Gt. Lakes Lumber & Shipping Co.....	Fort William.....	"	"	38,000.00
Tanac V 251.....	Minas Shipping Co. Ltd.....	Montreal.....	"	"	20,000.00
Tanac V 252.....	C. S. Boone Dredging Company.....	"	"	"	20,000.00
Glenfield.....	K. C. Irving.....	St. John, N.B.....	Mar. 23-46	"	57,000.00
Tanac V 222.....	Dept. Transport.....	Ottawa.....	Mar. 5-46	"	50,000.00
Bonneville.....	Upper Ottawa Improvement Co.....	"	Mar. 13-46	"	7,000.00
Jamesville.....	Pulpwood Supply Co.....	Toronto.....	"	"	9,500.00
Grenville.....	Can. International Paper Co.....	Montreal.....	"	"	7,000.00
Hodgeville.....	Upper Ottawa Improvement Co.....	Ottawa.....	"	"	7,000.00
Radville.....	Abitibi Power & Paper Co.....	Toronto.....	"	"	10,000.00
Neville.....	Pulpwood Supply Co.....	"	"	"	9,500.00
Kingsville.....	Can. International Paper Co.....	Montreal.....	"	"	7,000.00
Lakeville.....	Straits Towing & Salvage Co.....	Vancouver.....	"	"	6,550.00
Innisville.....	Can. International Paper Co.....	Montreal.....	"	"	7,000.00
80' Glen Class Tug.....	St. John Tug Boat Company.....	St. John, N.B.....	"	"	25,000.00
"Edward W. Millhorn".....	A. Melver.....	Waterways, Alta.....	Oct. 2-45	Calgary.....	5,500.00
"Lloyd Jr.".....	A. Melver.....	"		"	
(Also Wood Barges)	A. Melver.....	"	"	"	"
"Chicoutimi".....	Sorel Harbor Tugs Ltd.....	Sorel, Que.....	Oct. 5-45	Calgary.....	7,000.00
"Ebess".....	Donald A. Clark.....	Port Arthur, Ont.....	Oct. 28-45	"	6,500.00
Hartville.....	Straits Towing & Salvage Co.....	Vancouver.....	Mar. 25-45	Montreal.....	7,500.00
Tanac V 179.....	Government of France.....	France.....	Mar. 25-45	Montreal.....	59,000.00
Tanac V 191.....	Government of France.....	France.....	Mar. 25-45	Montreal.....	59,000.00
"Iris".....	R. Porritt & J. Moar.....	Yellow Knife N.W.T.....	Sep. 27-45	Calgary.....	"
"Sadie Cole".....	R. Porritt & J. Moar.....	"	"	"	"
"Phillip R.".....	"	"	"	"	"
"Ed. Jack".....	"	"	"	"	5,000.00
"Nancy D.".....	"	"	"	"	"
(Also Wood Barges)	"	"	"	"	"
"Peace".....	Northern Transportation Co.....	Edmonton, Alta.....	Oct. 1-45	Calgary.....	50,000.00
Norton.....	Foundation Maritime Ltd.....	Montreal.....	Mar. 26-46	Montreal.....	1,620.00
Tanoc V 253.....	L. G. Bishop.....	Montreal.....	Apr. 2-46	Montreal.....	20,000.00
Tanoc V 254.....	J. J. Jodrey.....	Montreal.....	Apr. 2-46	Montreal.....	20,000.00
Reo II.....	C. C. Pratt Co. Ltd.....	Montreal.....	Apr. 2-46	Montreal.....	13,100.00
Glenella.....	Maritime Towing & Salvage Co.....	Halifax.....	Apr. 5-46	Montreal.....	57,000.00
Helena.....	F. H. Ellis.....	Hamilton.....	Apr. 6-46	Montreal.....	6,000.00
Glenvalley.....	Marine Industries Ltd.....	Montreal.....	Apr. 3-46	Montreal.....	56,000.00
"Lisgar".....	"	"	Apr. 12-46	"	5,000.00
"Hudson Bay".....	Keating & Sons Ltd.....	"	Nov. 8-45	Calgary.....	100.00
"Nor-West-One".....	Harbour Towing Co.....	Vancouver.....	Dec. 45	"	7,500.00
"La Fille".....	H. A. Jones Estate Ltd.....	"	"	"	2,600.00
Glen Glass Tug.....	McKenzie Barge & Derrick Co.....	"	"	"	71,500.00
Leola Vivian.....	Vivian Engine Works.....	"	"	"	10,000.00
"D. W. Murray".....	Can. Kelbo Industries.....	Montreal.....	Dec. 24-45	Halifax.....	10,125.00
"Pierreville".....	Dept. Transport.....	Ottawa.....	Jan. 4-46	Calgary.....	9,000.00
"Johnville".....	Dept. Public Works.....	Ottawa.....	Jan. 5-46	Calgary.....	9,000.00

## YACHTS

"Grizzly".....	Capital Iron & Metals Ltd.....	Vancouver, B.C.....	Mar. 20-45	Vancouver..	2,730.00
"Sankaty".....	Margaree S/S Co.....	Sydney, N.S.....	Oct. 25-45	Montreal.....	8,000.00
"Elk".....	Harold B. Galt.....	St. John's, N.B.....	Nov. 16-45	Halifax.....	15,000.00
"Bearer".....	W. N. MacDonald.....	Sydney, N.S.....	Jan. 7-46	Halifax.....	5,000.00
"Husky".....	W. N. MacDonald.....	Sydney, N.S.....	Jan. 7-46	Halifax.....	6,250.00
"Reindeer".....	W. N. MacDonald.....	Sydney, N.S.....	Jan. 7-46	Halifax.....	6,250.00
"Vison".....	W. N. MacDonald.....	Sydney, N.S.....	Jan. 7-46	Halifax.....	15,000.00
"Caribou".....	W. N. MacDonald.....	Sydney, N.S.....	Jan. 7-46	Halifax.....	6,250.00
"Assistant".....	Nipigon Lake Timber Co.....	Port Arthur, Ont.....	Jan. 15-46	Halifax.....	3,900.00
"Moose".....	Joseph Simard.....	Sorel, P.Q.....	Jan. 8-46	Halifax.....	900.00

## MISCELLANEOUS

Float 36 x 42.....	Mrs. Watson.....	Blies Landing, B.C.....	Nov. 7-44	Vancouver..	26.00
2nd hand float.....	Pacific Line Co.....	Vancouver, B.C..	Nov. 16-44	Vancouver..	10.00
Rafts.....	Can. Fishing Co.....	"	Jan. 6-45	"	450.00
"	Kitsilano Yacht Club.....	"	Jan. 26-45	"	150.00
"	Vancouver Tug Boat Co.....	"	Jan. 30-45	"	100.00
"	Blue Water Logging Company.....	"	Jan. 30-45	"	200.00
"	Union Steamship Co. Limited.....	"	Jan. 31-45	"	425.00
"	Blue Water Logging Company.....	"	Feb. 1-45	"	140.00
Cedar Rafts.....	Union Steamship Company.....	"	Feb. 1-45	"	250.00
Old Float.....	Pender Harbour Fish Corp.....	"	Feb. 6-45	"	30.00



## SPECIAL COMMITTEE

## MISCELLANEOUS—Con.

Vessel	To whom sold	Of	Date sold	Branch	Price
					\$ cts.
1-16' Dinghies.....	J. N. Kenny Ltd.....	Halifax.....	Feb. 28-45	Halifax.....	
Old Float.....	Provincial Game Commission.....	Vancouver.....	Mar. 8-45	Vancouver.....	10.00
".....	W. Newman.....	".....	Mar. 3-45	".....	5.00
".....	Dan Cameron.....	".....	Mar. 28-45	".....	30.00
Balsa Float.....	Capital Iron & Metal Limited.....	".....	Mar. 23-45	".....	824.00
Dredge Pelican.....	F. Carr and Another.....	".....	Mar. 28-45	".....	200.00
17-16' Dinghies.....	Melvin S. Clark Company.....	Halifax.....	Apr. 3-45	Halifax.....	
Used Lifeboat.....	H. S. Batey.....	Vancouver.....	Apr. 3-45	Vancouver.....	25.00
Balsa Float.....	B.C. Pulp & Paper Co.....	".....	May 10-45	".....	8.00
5 Skimmers.....	".....	".....	May 21-45	Nfld.....	
Lifeboat.....	B.C. Bridge & Dredging.....	".....	May 28-45	Vancouver.....	500.00
Floats.....	Capital Iron & Metal Ltd.....	".....	May 31-45	".....	69.00
Flat Scow No. 7.....	La Fabrique St. Pierre.....	Cascades, P.Q.....	May 4-45	Montreal.....	15.00
Work Boat "Versutas".....	Emile Paturel.....	Shediac, N.B.....	May 26-45	Moncton.....	2,000.00
Maintenance Scow No. 525.....	McKeen Bros.....	Vancouver.....	June 25-45	Vancouver.....	2,250.00
Used Vessel HMCS No. 149.....	Lt. Col. S. Johnston.....	Vancouver.....	July 7-45	Vancouver.....	1,750.00
Rowboat.....	H. G. Stairs.....	Mahone Bay, N.S.....	July 6-45	Halifax.....	37.50
8 open top Lighters.....	Can. Industrial Minerals.....	Walton, N.S.....	July 24-45	".....	
Col. Riv. Fish Boat.....	Hudson Bay Co.....	Edmonton, Alta.....	July 13-45	Calgary.....	50.00
Steel Hopper Scow.....	J. Earl McQueen.....	Amherstburg Ont.....	July 18-45	Montreal.....	5,640.00
2 Lifeboats.....	Shipping Ltd.....	Montreal.....	July 25-45	".....	1,000.00
Trawler Dinghies.....	Lt. J. Paterson.....	Vancouver.....	Aug. 14-45	Vancouver.....	310.00
18' 6 Lifeboat.....	Major D. Head.....	".....	Aug. 16-45	".....	35.00
R.C.A.S.C. Boats.....	B. C. Packers Ltd.....	".....	Aug. 20-45	".....	3,100.00
Landing Craft.....	R. Lawrence.....	".....	Sept. 13-45	".....	200.00
Rowboat.....	S. Bruce Reid.....	Edmonton, Alta.....	Oct. 9-45	Calgary.....	15.00
Dinghy.....	J. Ross Byrne.....	Liverpool, N.S.....	Oct. 26-45	Montreal.....	35.00
Lifeboat.....	Gulf of Georgia Towing Co.....	Vancouver.....	Oct. 45	Vancouver.....	65.00
2-22' Lifeboats.....	Northern Engineering Company.....	Ft. William, Ont.....	Nov. 21-45	Halifax.....	1,000.00
2 Skimmers.....	Specialty Sales Company.....	Montreal.....	Nov. 20-45	Calgary.....	1,400.00
Peterboro Agnafiier.....	N. H. Board.....	".....	Nov. 28-45	Montreal.....	125.00
21' Shepherd Boat.....	Eric Craddock.....	Toronto.....	Nov. 29-45	".....	1,250.00
1-22' Lifeboat.....	G. A. Atkinson.....	Ft. William, Ont.....	Nov. 26-45	Halifax.....	500.00
1 Lighthouse Boat.....	Cecil Mosher.....	Tancock, N.S.....	Nov. 2-45	".....	10.00
2 Scows.....	St. John Dry Dock & Ship.....	Saint John, N.B.....	Nov. 13-45	".....	2,500.00
2-22' Lifeboats.....	Capt. J. A. Cruikshanks.....	Halifax, N.S.....	Dec. 10-45	".....	1,000.00
7-22' Lifeboats.....	Thompson Bros. Mfg. Co.....	Liverpool, N.S.....	".....	".....	5,500.00
3 Skiffs.....	Jos. Holland.....	Edmonton, Alta.....	Dec. 20-45	Calgary.....	75.00
Hull "Bellevue".....	Horace Dechene.....	Quebec.....	Dec. 4-45	Montreal.....	75.00
F. Scow No. 2.....	Russell Const. Company.....	Toronto.....	Dec. 4-45	Montreal.....	4,330.00
2 Lifeboats.....	St. John Tug Boat Co.....	St. John, N.B.....	Jan. 28-46	Halifax.....	
2 Lifeboats.....	Joseph Simon.....	Halifax.....	".....	Halifax.....	
12-16' Dinghies.....	George & Co.....	Halifax, N.S.....	Jan. 3-46	".....	
Scow M 293.....	Geo. B. Burchall.....	Sydney, N.S.....	Jan. 2-46	".....	300.00
1 Whaler.....	Navy League of Canada.....	Montreal.....	Mar. 12-46	Montreal.....	190.00
Wood Scow.....	Alfred Langlois.....	Launon, P.Q.....	Mar. 19-46	".....	200.00
Hull of Wood Schooner.....	Hudson Bay Co.....	Winnipeg.....	Mar. 19-46	".....	2,800.00
Landing Barges.....	Khalhoose Timber Company.....	".....	Mar. 25-46	".....	2,000.00
Scow Derrick.....	Donald F. Cantley.....	Montreal.....	Apr. 6-46	".....	700.00
Ammunition Lighter.....	Capt. A. Sirois.....	Quebec.....	Apr. 11-46	".....	10,200.00
2 Dories.....	Aide a la Jeunesse.....	Montreal.....	Apr. 12-46	".....	270.00
"Blue Heaven Troller".....	W. D. Ross.....	Vancouver.....	Apr. 13-46	".....	2,650.00
"Petrel" (Fisherman).....	".....	".....	Apr. 13-46	".....	3,060.00
"Barkley Sound" (Fisherman).....	J. Jolliffe and Nephew.....	Albert Bay, B.C.....	Apr. 13-46	".....	16,000.00
"Gull" (Fisherman).....	D. C. Cameron and Others.....	Tender Harbour B.C.....	Apr. 13-46	".....	4,520.00
"General Wadmore" (Fisherman).....	Martin Skog.....	Vancouver.....	Apr. 13-46	".....	24,000.00
"General Caldwell" (Fisherman).....	F. W. Allan.....	".....	Apr. 13-46	".....	5,000.00
R.C.A.S.C. No. 1 (Fisherman).....	Jos. R. Young.....	Steveston, B.C.....	Apr. 13-46	".....	1,100.00
R.C.A.S.C. No. 6 (Fisherman).....	M. M. Hanna.....	Vancouver, B.C.....	Apr. 13-46	".....	2,200.00

PARK STEAMSHIP COMPANY LIMITED  
STATEMENT OF SALE OF SHIPS UP TO AND INCLUDING APRIL 15, 1946

Name	Description	Purchaser	Date of sale	Date of delivery	Net price \$ cts.
"Ashby Park"	4,700 Ton Grey.	Companhia Siderurgica Nacional	Oct. 18, 1945	Oct. 29, 1945	390,000.00
"Mayfair Park"	4,700 Ton Grey.	Companhia Siderurgica Nacional	Oct. 18, 1945	Nov. 8, 1945	390,000.00
"Eglinton Park"	3,600 Ton Lake T.	Canadian Oil Coys.	Nov. 5, 1945	Nov. 9, 1945	350,000.00
"Millican Park"	3,600 Ton Lake T.	Branch Lines Limited	Nov. 14, 1945	Nov. 22, 1945	350,000.00
"Otterburn Park"	3,600 Ton Lake T.	Branch Lines Limited	Nov. 14, 1945	Nov. 29, 1945	350,000.00
"Springbank Park"	3,600 Ton Lake T.	Branch Lines Limited	Nov. 14, 1945	Dec. 1, 1945	350,000.00
"Norwood Park"	3,600 Ton Lake T.	Branch Lines Limited	Nov. 14, 1945	Dec. 13, 1945	350,000.00
"Sunset Park"	4,700 Ton Grey.	Companhia Siderurgica Nacional	Oct. 18, 1945	Dec. 13, 1945	390,000.00
"Kensington Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Dec. 19, 1945	415,000.00
"Crescent Park"	4,700 Ton Grey.	Rederiaktiebolaget A. Th. Jonasson R.A.A.	Oct. 25, 1945	Dec. 22, 1945	415,000.00
"Montmorency Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 29, 1945	Dec. 31, 1945	415,000.00
"Catarqui Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Jan. 2, 1946	415,000.00
"Garden Park"	10,000 Ton Can.	Western Canada Steamships Limited	Jan. 31, 1946	Jan. 3, 1946	586,643.84
"Chignecto Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Jan. 5, 1946	415,000.00
"Hastings Park"	10,000 Ton Vic.	Western Canada Steamships Limited	Jan. 31, 1946	Jan. 7, 1946	508,194.52
"Connaught Park"	10,000 Ton Vic.	Seaboard Owners Limited	Mar. 6, 1946	Jan. 10, 1946	526,093.15
"Gaspesian Park"	10,000 Ton Can.	Montship Lines Limited	Mar. 2, 1946	Jan. 11, 1946	601,301.37
"Manitou Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Jan. 15, 1946	415,000.00
"Waverley Park"	10,000 Ton Can.	Dingwall Shipping Company Limited	Mar. 13, 1946	Jan. 15, 1946	582,260.27
"Ainslie Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 18, 1945	Jan. 18, 1946	415,000.00
"Sunalta Park"	10,000 Ton Can.	Montship Lines Limited	Mar. 2, 1946	Jan. 23, 1946	530,273.97
"Portland Park"	10,000 Ton Can.	Canadian Shipowners Limited	Mar. 9, 1946	Jan. 24, 1946	566,506.85
"Rupert Park"	10,000 Ton Can.	Western Canada Steamships Limited	Jan. 31, 1946	Jan. 24, 1946	589,794.52
"Suppition Park"	10,000 Ton Vic.	Canadian Transport Company Limited	Jan. 31, 1946	Jan. 25, 1946	501,704.38
"Winona Park"	10,000 Ton Can.	Western Canada Steamships Limited	Jan. 31, 1946	Jan. 28, 1946	520,068.49
"Carnp Debert"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Jan. 28, 1946	415,000.00
"Cromwell Park"	10,000 Ton Can.	Canadian Transport Company Limited	Jan. 31, 1946	Feb. 2, 1946	526,780.82
"Alexandria Park"	10,000 Ton Can.	Montship Lines Limited	Mar. 2, 1946	Feb. 11, 1946	515,547.95
"Parkdale Park"	10,000 Ton Vic.	Canadian Australasia Line Limited	Mar. 5, 1946	Feb. 12, 1946	515,572.60
"Coronation Park"	10,000 Ton Vic.	Seaboard Owners Limited	Mar. 6, 1946	Feb. 14, 1946	513,191.78
"Queens Park"	10,000 Ton Can.	Seaboard Owners Limited	Mar. 6, 1946	Feb. 20, 1946	467,413.70
"Willo Park"	4,700 Ton (R) Grey	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Feb. 23, 1946	415,000.00
"Whitecock Park"	10,000 Ton Vic.	Johnson, Walton Steamships Limited	Feb. 25, 1946	Feb. 24, 1946	534,246.58
"Westdale Park"	4,700 Ton Dom.	Canadian Observer Limited	Feb. 28, 1946	Feb. 28, 1946	455,947.95
"Tipperary Park"	10,000 Ton Vic.	Western Canada Steamships Limited	Jan. 31, 1946	Feb. 28, 1946	454,000.00
"Louisbourg Park"	10,000 Ton Vic.	Canadian Transport Company Limited	Jan. 31, 1946	Mar. 1, 1946	476,632.88
"Dufferin Park"	4,000 Ton Grey.	P. & B. Investments Limited	Not Signed	Mar. 2, 1946	237,531.51
"Woodland Park"	4,700 Ton Grey.	Centre D'Approvisionnement de L'Indochine	Oct. 19, 1945	Mar. 4, 1946	415,000.00

## PARK STEAMSHIP COMPANY LIMITED—Cont.

STATEMENT OF SALE OF SHIPS UP TO AND INCLUDING APRIL 15, 1946

Name	Description	Purchaser	Date of sale	Date of delivery	Net price
"Sunnyvale Park"	10,000 Ton Vic.	Canadian Australasian Line Limited.	Mar. 5, 1946	Mar. 5, 1946	\$ cts. 485, 147 95
"Savona Park"	10,000 Ton Can.	Andros Shipping Company Limited.	Mar. 8, 1946	Mar. 8, 1946	592, 602 74
"Larchwood Park"	10,000 Ton Can.	Saguenay Terminals Limited.	Feb. 26, 1946	Mar. 12, 1946	556, 164 38
"Elgin Park"	10,000 Ton Can.	Furness (Canada) Limited.	Feb. 28, 1946	Mar. 13, 1946	572, 910 96
"Selkirk Park"	10,000 Ton Can.	Johnson, Walton Steamships Limited.	Feb. 25, 1946	Mar. 13, 1946	549, 554 79
"Duke Park"	4,700 Ton Dom.	Federal Commerce & Navigation Company Limited.	Feb. 25, 1946	Mar. 13, 1946	445, 771 23
"Eaton Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Jan. 31, 1946	Mar. 18, 1946	440, 323 29
"Lakeside Park"	10,000 Ton Can.	Andros Shipping Company Limited.	Mar. 8, 1946	Mar. 20, 1946	554, 178 09
"Champlain Park"	10,000 Ton Can.	Liverpool Lovell Shipping Company Limited.	Feb. 28, 1946	Mar. 21, 1946	561, 404 11
"Dundurn Park"	10,000 Ton Vic.	Canadian Shipowners Limited.	Mar. 9, 1946	Mar. 22, 1946	464, 665 76
"Clearwater Park"	10,000 Ton V.T.	Rederi A. S. Norskeking.	Feb. 16, 1946	Mar. 22, 1946	600, 000 00
"Grafton Park"	10,000 Ton Can.	Saguenay Terminals Limited.	Feb. 26, 1946	Mar. 25, 1946	528, 458 91
"Mount Royal Park"	10,000 Ton V.T.	H. E. Hansen-Tangen.	Mar. 25, 1946	Mar. 28, 1946	600, 000 00
"Tuxedo Park"	10,000 Ton Vic.	Lauham & Moore (Canada) Limited.	Mar. 9, 1946	Mar. 30, 1946	519, 517 81
"Temagami Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	448, 304 11
"Windermere Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	486, 279 40
"Dunlop Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	497, 180 83
"Mount Robson Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	475, 600 00
"Earls court Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	458, 504 11
"Kitsilano Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	442, 723 29
"Dorval Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	462, 449 32
"Weston Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Not Signed	April 4, 1946	479, 019 18
"Mowata Park"	10,000 Ton Vic.	Canadian Transport Company Limited.	Not Signed	April 5, 1946	497, 085 90
"Seacliff Park"	10,000 Ton Vic.	Canadian Transport Company Limited.	Not Signed	April 5, 1946	505, 893 16
"Alton Park"	10,000 North Sands	Dominion Shipping Company Limited.	April 1, 1946	April 9, 1946	484, 827 40
"Fort Vidler"	10,000 Ton No. Sand	Sociedad Geral de Comercio Industria E. Transportes Limitada.	Mar. 18, 1946	April 10, 1946	265, 800 00
"Bridgeland Park"	10,000 Ton Vic.	Elder Dempster Lines (Canada) Limited.	Mar. 4, 1946	April 13, 1946	525, 794 38
"Princeton Park"	10,000 Ton Can.	Western Canada Steamships Limited.	Jan. 31, 1946	April 15, 1946	520, 342 46
"Confederation Park"	4,700 Ton Grey.	Centre d'Approvisionnement de L'Industrie	Oct. 31, 1945	Not Delivered	415, 000 00
"Yoho Park"	10,000 Ton Vic.	Western Canada Steamships Limited.	Jan. 31, 1946	Not Delivered	
"Brentwood Bay Park"	10,000 Ton Vic. T	Rederi A/S Norskeking	Feb. 16, 1946	Not Delivered	600, 000 00
"Wellington Park"	10,000 Ton Can.	Saguenay Terminals Limited.	Feb. 26, 1946	Not Delivered	
"Argyle Park"	4,700 Ton (R) Grey	Rover Shipping Company Limited.	Feb. 28, 1946	Not Delivered	
"Outremont Park"	10,000 Ton Can.	Furness (Canada) Limited.	Feb. 28, 1946	Not Delivered	
"Lamont Park"	10,000 Ton Can.	Furness (Canada) Limited.	Feb. 28, 1946	Not Delivered	
"Wasena Park"	10,000 Ton Vic.	Elder Dempster Lines (Canada) Limited.	Mar. 4, 1946	Not Delivered	



"Strathcona Park"	10,000 Ton Vic.	Elder Dempster Lines (Canada) Limited.	Mar. 4, 1946	Not Delivered	
"Crystal Park"	10,000 Ton Vic.	Elder Dempster Lines (Canada) Limited.	Mar. 4, 1946	Not Delivered	
"Goldstream Park"	10,000 Ton Vic.	Elder Dempster Lines (Canada) Limited.	Mar. 4, 1946	Not Delivered	
"Salt Lake Park"	10,000 Ton Vic.	Canadian Australasian Line Limited.	Mar. 5, 1946	Not Delivered	
"Dominion Park"	10,000 Ton Vic.	Canadian Australasian Line Limited.	Mar. 5, 1946	Not Delivered	
"Noranda Park"	10,000 Ton Can.	Andros Shipping Company Limited.	Mar. 8, 1946	Not Delivered	
"Hornstead Park"	10,000 Ton Can.	Dingwall Shipping Company Limited.	Mar. 13, 1946	Not Delivered	
"Montebello Park"	10,000 Ton Can.	Dingwall Shipping Company Limited.	Mar. 13, 1946	Not Delivered	
"Cypress Hills Park"	10,000 Ton Vic. T.	Can. Export Board for Republic of France.	Mar. 23, 1946	Not Delivered	
"Mount Bruce Park"	10,000 Ton Vic. T.	Can. Export Board for Republic of France.	Mar. 23, 1946	Not Delivered	
"Quetico Park"	10,000 Ton Vic. T.	Acadia Overseas Freighters Limited.	Mar. 23, 1946	Not Delivered	
"Frontenac Park"	10,000 Ton Can.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
"Lakeview Park"	10,000 Ton Can.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
To be Nominated	10,000 Ton Vic.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
To be Nominated	10,000 Ton Vic.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
To be Nominated	10,000 Ton Vic.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
To be Nominated	10,000 Ton Vic.	Acadia Overseas Freighters Limited.	April 3, 1946	Not Delivered	
"Elk Island Park"	10,000 Ton N. Sands	Dominion Shipping Company Limited.	April 3, 1946	Not Delivered	
"Glacier Park"	10,000 Ton N. Sands	Dominion Shipping Company Limited.	April 1, 1946	Not Delivered	
To be Nominated	10,000 Ton Vic.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
To be Nominated	10,000 Ton Vic.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
"Elm Park"	10,000 Ton N. Sands.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
"Riverdale Park"	10,000 Ton N. Sands.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
"LaSalle Park"	10,000 Ton N. Sands.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
To be Nominated	10,000 Vic.	Trinton Steamship Company Limited.	Agreement being prepared	Not Delivered	
"Dartmouth Park"	4,700 Ton Grey.	Northern Star Shipping Co. of Canada Ltd.	Agreement being prepared	Not Delivered	525,000.00
"Rockland Park"	4,700 Ton (R) Grey	National Government of China.	Agreement being prepared	Not Delivered	525,000.00
"Mulgrave Park"	4,700 Ton (R) Grey	National Government of China.	Agreement being prepared	Not Delivered	525,000.00
"Baldwin Park"	4,700 Ton (R) Grey	National Government of China.	Agreement being prepared	Not Delivered	525,000.00
"Fort Biloxi"	10,000 Ton Vic.	Andros Shipping Company Limited.	Agreement being prepared	Not Delivered	

# STATEMENT OF SHIPS AND HULLS SOLD BY WARTIME SHIPBUILDING LIMITED

MAY 1, 1946.

## 15 Type "B" China Coasters

1200 DWT

Length Overall— 224' 0"

Length B.P.— 210' 0"

Breadth Moulded— 36' 6"

Draft Loaded— 14' 0"

Steam Engines—Oil Fired

3 Ships: *Ottawa Patience*, *Ottawa Pangis*, *Ottawa Pageant*.

Sold to:—De La Rama Steamship Co. Inc., 90 Broad Street New York, N.Y.

At—\$1,000,000.00 U.S. Funds for lot, F.O.B. Shipyards.

Deposit—\$100,000.00 sent W.A.C. March 8, 1946. Balance as each vessel is delivered. Date of sale—March 6.

*Ottawa Patience*—Delivered April 18;

*Ottawa Pangis*—Not yet delivered;

*Ottawa Pageant*—Not yet delivered.

3 Ships: *Ottawa Panda*, *Ottawa Parapet*, *Ottawa Patrol*.

Sold to:—Clarke Steamship Company, Montreal Que.

At—\$300,000.00 Canadian Funds, each, F.O.B. Shipyards.

Deposit—\$225,000.00 sent W.A.C. March 12, 1946. Balance to be paid June 1, 1946. Date of sale—March 12, 1946.

*Ottawa Panda*—Not yet delivered;

*Ottawa Parapet*—Delivered April 8, 1946;

*Ottawa Patrol*—Delivered April 29, 1946.

1 Ship—*Ottawa Parian*

Sold to:—Union Steamship Limited, Vancouver, B.C.

At—\$300,000.00 Canadian Funds, F.O.B. Shipyards.

Deposit—\$75,000.00 sent to W.A.C. April 18, 1946. Balance to be paid on delivery. Date of sale—April 16, 1946.

*Ottawa Parian*—Not yet delivered.

1 Ship: *Ottawa Page*.

Sold to:—Blue Peter Steamship Co., c/o Montreal Shipping Co., Coristine Bldg., Montreal, Que.

At—\$300,000.00 Canadian Funds, F.O.B. Shipyard.

Deposit—\$30,000.00 sent to W.A.C. April 18, 1946. Balance to be paid at time of delivery. Date of sale—April 18, 1946.

*Ottawa Page*—Not yet delivered.

7 Ships—*Ottawa Pasqua*, *Ottawa Painter*, *Ottawa Paget*, *Ottawa Palmer*, *Ottawa Parade*, *Ottawa Palette*, *Ottawa Pandora*.

Sold to:—Canadian Export Board, W. D. Low, Chairman for the Government of China.

At—\$350,000.00 Canadian Funds each. Date of sale April 25, 1946.

No deposit has been made. None of the ships have been delivered.

## MAINTENANCE SHIP HULLS

*Hull 238*

Sold to:—Union Steamship Company of New Zealand, % Canadian Australasian Line, 999 Hastings Street, Vancouver, B.C.

For—\$175,000.00 Canadian Funds.

Deposit—\$17,500.00 sent to W.A.C. April 11, 1946.

Balance—\$157,500.00 sent W.A.C. April 16, 1946. Date of sale—April 9, 1946. Delivered to Owners—April 12, 1946.

At the time of sale, this Hull (238) was located in Burrard North Yard, Vancouver, B.C.

*Hull 153 Hull 154*

Sold to:—Sir Walter R. Carpenter, 1350 The Crescent, Vancouver, B.C.

For—\$350,000.00 Canadian Funds per vessel.

Deposit—\$100,000.00 per vessel sent W.A.C. April 9, 1946. Date of sale—March 1, 1946. Delivered to Owners—April 2, 1946.

At the time of sale—these Hulls (153 and 154) were located in the shipyard of West Coast Shipbuilders Limited, Vancouver, B.C.

*Hull 154 Hull 155*

Sold to:—Sir Walter R. Carpenter, 1350 The Crescent, Vancouver, B.C.

For—\$275,000.00 Canadian Funds.

Deposit—\$27,500.00 sent W.A.C. April 2, 1946. Date of sale—March 31, 1946. Delivered to Owners—May 8, 1946.

At the time of sale, these Hulls (154 and 155) were located in the shipyard of Pacific Drydock Company Limited, at Vancouver, B.C.

Wartime Shipbuilding Limited, Montreal, Que., May 1, 1946.





20v. Doc  
Can  
com  
W  
Canada War Expenditures 1946

(SESSION 1946  
HOUSE OF COMMONS)

CA1 XC2

-46 W12 (SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

TUESDAY, JUNE 11, 1946

WITNESSES:

Mr. G. J. McIlraith, M.P., Parliamentary Assistant to the Minister of Reconstruction and Supply;

Mr. J. H. Berry, President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946





## MINUTES OF PROCEEDINGS

TUESDAY, June 11, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Cote, presiding.

*Members present:* Messrs. Black (*Cumberland*), Cote (*Verdun*), Golding, Homuth, Jackman, Marier, Marquis, Murphy, McGregor, McIlraith, McLure, Probe, Shaw, Stewart (*Winnipeg North*), Winkler.

*In attendance:* Mr. J. H. Berry, President, War Assets Corporation.

On behalf of the Chairman, Mr. Isnor, the Vice-Chairman presented the Sixth Report of the Steering Committee as appears in this day's Minutes of Evidence.

The said report was adopted unanimously.

Mr. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply, made a statement on the cost of certain types of ships and was questioned thereon.

Questions were also answered by Mr. Berry.

At 12.45 p.m., the Committee adjourned until Friday, June 14, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 11, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Vice-Chairman, Mr. Paul E. Côté, presided.

The VICE CHAIRMAN: Order, please, gentlemen. Your steering committee met on Friday, June 7. I would ask the clerk to read the report of that meeting.

The CLERK:

### REPORT OF STEERING COMMITTEE

TUESDAY, June 11, 1946.

Your Steering Committee met on Friday, June 7, and now begs leave to present its Sixth Report.

The following matters were brought to the attention of your Committee and dealt with as indicated in each case, viz:—

1. A request from Mr. Stewart for information regarding Government investment in land, buildings and equipment in crown plants and companies whether operated by the Government or privately managed and in privately owned plants as shown in Appendix one to Votes and Proceedings of April 10, 1945.

This was referred to the Parliamentary Assistant to the Minister of Reconstruction and Supply.

2. Additional questions submitted by Mr. Black with respect to the Industrial Shipping Company, Ltd.

These questions were also referred to the Parliamentary Assistant to the Minister of Reconstruction and Supply.

3. A communication from Mrs. F. J. Dallaire, of Red Deer, Alberta, addressed to Mr. Shaw, respecting the alleged waste of food and clothing originally intended for use of the men employed on the Alaska Highway.

In view of the fact that the Alaska Highway was originally undertaken by the American Government, your Steering Committee feels it should secure more specific information as to dates when this alleged waste occurred and as to other details which would permit of establishing responsibility and making further inquiries.

4. A request from Mrs. Irene Johnstone, of Major, Sask., for equipment suitable for a High School Physics Laboratory.

This request has been referred to War Assets Corporation, and Mrs. Johnstone advised accordingly.

5. A communication from A. Craigon, former President and Chief Engineer of International Aeronautical Corporation, Limited, of Toronto, requesting that certain matters be dealt with by the Committee.

Your Steering Committee had under consideration for some time previous communications from Mr. Craigon, and a report is being prepared thereon.

All of which is respectfully submitted.

(Sgd.) GORDON B. ISNOR,

*Chairman.*



The VICE CHAIRMAN: Is the report approved, gentlemen?

Some Hon. MEMBERS: Carried.

The VICE CHAIRMAN: As announced at the last meeting, and at the request of some of the members of the committee, we shall this morning continue our discussion on the brief submitted by War Assets Corporation on its operations in the disposal of ships. Mr. Smith more particularly suggested that it would be desirable to allow members of the committee a few days in which to go through that very lengthy submission, so this morning we reopen the discussion on this matter of ship sales. Any questions are in order, gentlemen.

There was a question as to the original cost of the ships mentioned in this statement. Are you ready to go into that this morning, Mr. McIlraith?

Mr. McILRAITH: Yes, Mr. Chairman. As I understand it, on the request made at our last meeting I was to get together certain information from *Hansard* that had been given in answer to questions or replying to orders for returns to the House as to the cost of certain types of ships, the average costs, and to bring that to the committee so that the committee could decide from there what they wanted by way of costs on the whole picture. I have turned up those references: on the fairmiles there was a reply to an order for return tabled on the 26th of November, 1945, giving the approximate average cost of \$140,000. There was also a list of the newspapers in which these ships, or boats, were advertised for sale; and that will be seen at page 2372 of unrevised *Hansard*, 1945.

And then, on the corvettes, there is an order for return tabled on the 14th of November, 1945, and the number of that order for return is 126, and it gives a quite substantial list of the cost of individual corvettes. If you like, I do not see any reason why that could not be transcribed into the notes. It takes about a page and a half of single page typewriting and it gives the name of the corvette, the cost, and the yard where it was launched—that is, so far as it is complete. I am not able to say whether it covers every one of them or not; it would cover the points raised by Mr. McGregor as to corvettes. That list is as follows:

Name	Cost	Where Launched
Halifax .....	\$ 715,541 04	Collingwood Shipyards, Collingwood, Ont.
Merrittonia .....	1,155,600 00	Morton's Shipyard, Que.
Fergus .....	936,360 00	Collingwood Shipyards
New Westminster .....	740,041 75	Victoria Machinery Depot
Ville de Quebec .....	744,958 82	Morton's Shipyard
Fredericton .....	715,971 18	Marine Industries, Sorel
Timmins .....	745,478 26	Yarrows Shipyards, Victoria
Cobourg .....	878,040 00	Midland Shipyards, Midland
North Bay .....	871,560 00	Collingwood Shipyards
Athol .....	1,111,320 00	Morton's Shipyards
Algoma .....	659,759 86	Port Arthur Shipbuilding Co.
Kamsack .....	673,475 74	Port Arthur Shipbuilding Co.
Amherst .....	663,528 65	St. John Drydock Co., N.B.
Battleford .....	641,730 78	Collingwood Shipyards
Wetaskiwin .....	713,297 96	Burrard Drydock, Vancouver
Dunvegan .....	633,589 06	Marine Industries, Sorel
Oakville .....	681,203 55	Port Arthur Shipbuilding Co.
Frontenac .....	930,960 00	Kingston Shipyards
Louisburg .....	1,072,440 00	Morton's Shipyards
Peterboro .....	1,024,920 00	Kingston Shipyards
St. Lambert .....	1,162,080 00	Morton's Shipyards
Belleville .....	999,000 00	Kingston Shipyards
West York .....	934,200 00	Midland Shipyards
Strathroy .....	885,600 00	Midland Shipyards
Northsyd .....	1,141,280 00	Morton's Shipyard
Stellarton .....	1,136,160 00	Morton's Shipyard
Riviere du Loup .....	1,170,720 00	Morton's Shipyard
Asbestos .....	1,129,680 00	Morton's Shipyard
Lindsay .....	894,240 00	Midland Shipyards

Name	Cost	Where Launched
Owen Sound .....	845,640 00	Collingwood Shipyards
Thorlock .....	921,240 00	Midland Shipyards
Beauharnois .....	1,142,360 00	Morton's Shipyard
Whitby .....	868,320 00	Midland Shipyards
Guelph .....	906,120 00	Collingwood Shipyards
Hawkesbury .....	1,170,720 00	Morton's Shipyard
Lachute .....	1,112,400 00	Morton's Shipyard
Baddeck .....	620,230 15	Davie Shipbuilding Co., Que.
Edmundston .....	733,043 99	Yarrows Shipyards
Arvida .....	633,844 15	Morton's Shipyard
Dauphin .....	649,276 93	Davie Shipbuilding Co.
Parry Sound .....	922,320 00	Midland Shipyards
Smith Falls .....	987,120 00	Kingston Shipyards
Midland .....	667,737 21	Midland Shipyards
Kamloops .....	713,969 54	Victoria Machinery Depot
Sorel .....	630,942 73	Marine Industries, Sorel
The Pas .....	649,117 80	Collingwood Shipyards
Buctouche .....	620,363 43	Davie Shipbuilding Co.
Camrose .....	626,672 15	Marine Industries, Sorel
Pictou .....	620,043 75	Davie Shipbuilding Co.
Rimouski .....	619,771 58	Davie Shipbuilding Co.
Calgary .....	741,697 09	Marine Industries, Sorel
Orillia .....	632,585 24	Collingwood Shipyards
Collingwood .....	629,125 73	Collingwood Shipyards
Drumheller .....	644,504 34	Collingwood Shipyards
Kitchener .....	756,755 62	G. T. Davie, Quebec
Morden .....	670,615 20	Port Arthur Shipbuilding Co.
Sherbrooke .....	621,907 44	Marine Industries, Sorel
Kenogami .....	653,957 05	Port Arthur Shipbuilding Co.
Trail .....	718,910 82	Burrard Drydock, Vancouver
Dundas .....	742,329 15	Victoria Machinery Depot
Moose Jaw .....	646,135 56	Collingwood Shipyards
Port Arthur .....	755,613 63	Port Arthur Shipbuilding Co.
Agassiz .....	712,741 63	Burrard Drydock, Vancouver
Matapedia .....	633,995 40	Morton's Shipyard
Saskatoon .....	649,533 61	Vickers Shipyards, Montreal
Barrie .....	639,149 67	Collingwood Shipyards
Prescott .....	642,413 15	Kingston Shipyards
Chicoutimi .....	649,357 17	Vickers Shipyards, Montreal
Rosthern .....	655,270 17	Port Arthur Shipbuilding Co.
Lunenburg .....	646,203 12	G. T. Davie, Quebec
Napanee .....	639,774 63	Kingston Shipyards
Summerside .....	630,900 36	Morton's Shipyard
Galt .....	640,818 69	Collingwood Shipyards
Brandon .....	622,337 68	Davie Shipbuilding Co.
Vancouver .....	750,045 58	Burrard Drydock, Vancouver
Dawson .....	724,468 26	Victoria Machinery Depot
Quesnel .....	712,141 37	Burrard Drydock, Vancouver
Chilliwack .....	719,188 32	Vickers Shipyards, Montreal
Lethbridge .....	649,958 83	Vickers Shipyards, Montreal
Chambly .....	640,284 01	Vickers Shipyards, Montreal
Cobalt .....	632,326 63	Port Arthur Shipbuilding Co.
La Malbaie .....	729,518 28	Marine Industries, Sorel

MR. JACKMAN: Does it give the cost of the 10,000 ton cargo ships?

MR. McILRAITH: It is just corvettes about which I am speaking at the moment.

Then, when we come to the Park fleet, the 10,000 ton cargo boats, we have the average cost of the Canadian type, \$1,575,000; the victory type \$1,700,000; and the north sands type \$1,740,000. And there is a further reference to the cost of these at page 2315 of unrevised *Hansard* 1945. Then, under that same fleet, the 4,700 dry cargo vessels, Dween-deck type—or sometimes referred to as the Dominion type—\$1,150,000; the improved type, sometimes referred to as the revised Gray type, \$1,100,000; and the Original type, sometimes referred to as the Gray type \$1,300,000. There is an answer in *Hansard* of November

14, 1945, page 2135 covering that type of vessel. May I say that the two different names for the different types in that class, I have found a little confusing; one set of names seems to have been the name used in the operation of the vessel, and the other for some reason or other was in the original construction or sales formula with reference to them, so I put both names on each type. Then there are the 10,000 ton tankers, which cost \$1,900,000 apiece; then the 3,600 ton lake tankers which cost \$1,100,000 each.

Mr. BLACK: That is the cost for the individual boat?

Mr. McILRAITH: Not for the individual boat.

Supplementing that on the Park I can give you the Park fleet; so that the members can be clear as to what there was. The number operated had been 176; the lost, or partly lost, 8; and sold 144. That is a later date than the date Mr. Berry had. On tare boat charter, 11; still under management agreement, 13. That would give you an idea of the whole operation as it stands. The sales picture is changing practically every day. They are closing out quite rapidly on the sales.

And now, there is another item. I could give you the cost of a great many of the individual Park fleet itself. I have here about half of them, and that could be given in that way for about half of these vessels. The point is this: On the Park fleet, all the information is available there on these specific ships, and complete; but the only point involved there is that I could not give you the whole picture on all of the ships because I simply have not had time since Thursday to get it, and it is not possible to get that information as quickly as that.

Mr. HOMUTH: But you have the individual cost of about half the Park fleet there, you say you have them all.

Mr. McILRAITH: Yes, we have them all. I have here about half of them. It has just been mechanically impossible to get the information in the form desired when the operations are moving as quickly as they are, from Thursday until Tuesday with Monday a holiday. It has just been impossible. That is the only difficulty on the Park fleet. But if anyone wants to inquire about any of these ships, or use any particular type as a sample, I can take the specific ship and deal with it.

Mr. JACKMAN: What we would be interested in would be the extremes between the high cost and the low cost.

Mr. McILRAITH: In the Parks I do not think you will find that. Your corvette is the best example of the variation in the cost of any of them.

Mr. MCGREGOR: You said that you could not get these costs, they were moving so fast.

Mr. McILRAITH: I said it is just simply impossible to furnish that information when the first we heard about the question was only on Thursday last and I have not been able to get it together and produce it in complete form here today. I have about half of the information, and I was only able to provide that because we were in the course of preparing a brief in the original form, on the whole operation, and I brought forward all the information I could get in the time allowed. I think the whole thing could be gotten if the committee understands just what it is getting, and so on. In other words, the information is there. If the committee decides that it wants to have it brought down there is no possible objection. As to the sort of thing you will find, let me give you one or two examples to illustrate. Here is a 10,000 ton dry cargo vessel, the Parkdale Park; that boat cost \$1,708,639.62.

Mr. BLACK: Where was it built?

Mr. McILRAITH: I am afraid I haven't got that on this note. The net earnings of that boat were \$1,022,363.18; the selling price of the boat \$515,572.60;



that meant a war loss on that vessel of \$170,703.54. That one was in operation for one year and nine months. And now, you can take another one where we have a short operation period—

Mr. JACKMAN: To whom was that ship chartered? Who paid the \$1,022,000 net earnings? Where did they come from, some other department of the government or some other ally?

Mr. McILRAITH: I cannot tell you who operated that one, I am sorry. That boat was sold, by the way, on February 12 to the Canadian-Australasian Line Limited, Vancouver. I haven't the name of the operator. That type of information can be obtained very rapidly for the whole 176, I suppose.

Mr. MURPHY: Will your information be likely to give other information on these boats? I think we asked that last Thursday.

Mr. McILRAITH: They were all sold under a formula that was set out, wasn't it in your brief, Mr. Berry?

Mr. BERRY: Not the brief, no.

Mr. McILRAITH: It is set out in *Hansard* at any event, the sales formula.

Mr. MURPHY: I know, but would your information show the bids that were received by War Assets or any other department for these boats?

Mr. McILRAITH: What I have here would not, no. On this Park fleet it would not be a matter of tender in any event; it says, according to the formula.

Mr. MURPHY: I think it was understood last Thursday that we were to get that information.

The VICE-CHAIRMAN: I do not clearly recall that, Mr. Murphy.

Mr. McILRAITH: On that point, my understanding of what I was to get; I was rather to get what information was available about the cost of these ships so that from that the committee could determine what further information was wanted.

Mr. MURPHY: I think I recall having asked for such information, in as much as Mr. Berry had stated that these ships were sold on the recommendation of the department, we asked then that we be furnished with a list showing the different tenders and the different bids submitted.

Mr. BERRY: If I might interject, Mr. Chairman; I do not think that I made any statement that they were sold on the recommendation of the department; neither do I have any record of having been asked for what bids were put in.

Mr. McILRAITH: I think there is a little confusion about what the Park fleet is and what happened.

Mr. MURPHY: I wonder if the witness was referring just to the Park fleet.

Mr. McILRAITH: Oh yes, just the Park fleet.

Mr. MURPHY: I meant Mr. Berry, was he referring only to the Park fleet.

Mr. BERRY: At the moment just to the Park fleet.

Mr. MURPHY: Your answer the other day was that you had made a recommendation to the department for the disposal of these ships.

Mr. BERRY: That was relative to real estate, if I remember correctly.

Mr. MURPHY: No, it was last Thursday in your answer to Mr. Smith; I think you will find it in the evidence, that later on he asked that we be furnished with the details of the various bids.

The VICE-CHAIRMAN: I will check the evidence anyway, but I do not recall that, Mr. Murphy. I think that the request made by Mr. McGregor, by yourself or by Mr. Smith centered only on the original cost of the ships mentioned in the brief. I do not recall anything else having been requested to be added to the three appendices relating to ships.

Mr. MURPHY: If that point was not made clear I wonder if he would take this as notice of the question?

Mr. McILRAITH: There seems to be perhaps a little confusion about the Park fleet and the sales in the Park fleet taken from the War Assets Corporation as shown in their figures. The Park fleet was operated separately throughout the war years. At the close of the war you will remember there was a discussion, which appears in the earlier *Hansards* under the minutes of war appropriation bills, about what was going to be done with this fleet; and about how it would be worthless, and all the rest of that sort of thing. In any event, it was all in the process of being sold, or about to be sold, and it is sold according to a formula laid down in *Hansard*, and explained in *Hansards* last November. And now, just what is wanted beyond that, I must admit quite frankly I am a little confused, because it is a matter of getting them all sold. We were told in the House that we would never get them all sold, or any substantial amount of them, and it has been a matter of getting them all sold, and practically all sold to Canadian registry. If the committee could just clarify what it wants now with respect to that fleet, and get it on a specific basis, I would be very glad to do what I could to get the information.

Mr. HOMUTH: Were they advertised for sale by tender or were they sold under the particular formula set out in *Hansard*; in any event, were any of them sold by tender?

Mr. McILRAITH: I cannot answer you categorically. I rather think in the Park fleet, not; is that correct, Mr. Berry?

Mr. BERRY: That is my understanding.

Mr. McILRAITH: My remarks are just at the moment to the Park fleet on that point, and on the other ships it is quite different. And in each case the question of registry, and so on, comes up.

Mr. JACKMAN: May I ask the parliamentary assistant to the minister in connection with this steamship, *Parkdale Park*; the cost of that is given as \$1,708,000?

Mr. McILRAITH: Yes.

Mr. JACKMAN: And the net earnings \$1,022,000?

Mr. McILRAITH: Yes.

Mr. JACKMAN: Does that mean that the ship was chartered to somebody and this was the net revenue paid for the use of the ship with no expenses on it?

Mr. McILRAITH: That is the net. The gross revenue was \$1,879,000; and the expenses \$857,000.

Mr. STEWART: Would what be included in that expense?

Mr. McILRAITH: I could not tell you that. I am afraid I am not able to break that down.

Mr. STEWART: Is depreciation figured in that?

Mr. McILRAITH: I cannot tell you that.

Mr. JACKMAN: It is the item of expense in which I am interested. The thought that occurred to me was that if you rented these ships out you would not have any such expense as \$800,000 in connection with them. You do not carry insurance, or do you carry insurance?

Mr. McILRAITH: Some of these boats saw pretty hard service. There would be some expense in connection with that.

Mr. JACKMAN: And the owner would have to pay the expense even though he chartered the ship to others; is that what you say?

Mr. McILRAITH: Yes. Some of them I know had very hard service. I am not able, I am sorry, fully to explain that.

Mr. JACKMAN: Is this figure the net earnings, the true net earnings after everything; or, does insurance come out of that?

Mr. McILRAITH: No, it is after everything.

Mr. JACKMAN: And as was mentioned, there would be no depreciation come out after that. This is just the definite income, it is the net earnings available for the owners. What about depreciation?

Mr. McILRAITH: I will have to check on depreciation, I do not know.

Mr. JACKMAN: Tell me this. Does anyone audit the books of the Park Steamship Company? It is one of these crown companies.

Mr. McILRAITH: They are audited by the Auditor General, I think it is every two weeks; they get their statement sent in every two weeks, an audited financial statement. I am informed it is a continuous audit and I think they get returns every two weeks.

Mr. JACKMAN: By the Auditor General?

Mr. McILRAITH: Oh yes, they are very careful about this.

Mr. HOMUTH: I wonder, Mr. McIlraith, if we could get a breakdown of what these expenses were; and particularly, it seems rather odd to me that you lease a boat and that boat has gross earnings and you take off \$800,000 and then say that the net earnings are so much, just where that would come in, that eight hundred odd thousand dollars; would that include, for instance, the war risk bonus to the crew, or anything like that?

Mr. McILRAITH: I will have to verify that. It may be on a management fee basis. I will have to clarify that in order to give it to you on any basis that would be at all accurate.

Mr. HOMUTH: I think that would be a good idea if we could get a breakdown of two or three of these similar cases, so that the committee would be able to understand just what the financial arrangement was and how it worked out.

Mr. McILRAITH: Yes.

Mr. JACKMAN: I assume that insurance might be very important. I do not know whether or not we carried insurance.

Mr. McILRAITH: There is no insurance on the hull, there is liability to others for loss incurred.

Mr. JACKMAN: Well, the ships which survived the submarines would you not ultimately show a handsome profit? I suppose some of the ships would show a loss.

Mr. McILRAITH: No, the only lost, or partially lost, were eight; and we got something out of the partially lost.

Mr. JACKMAN: Then we had no insurance covering hulls in that case. The picture you have given us on the steamship *Parkdale Park* does not show a very great loss to the country. If you continue with your picture it might show a considerable loss, particularly if we had no insurance to cover it. That might give us a quite different picture.

Mr. McILRAITH: When you speak about these four which were completely lost, if I understand government policy going back for something over, I don't know how many years—someone behind me says since 1889—certainly within the last century the crown has not carried insurance on its capital assets. I think that is a situation common to all governments.

Mr. JACKMAN: I am not complaining so much about carrying insurance as I am about the statement on one ship which does not show very much loss, and I want the overall picture including the loss on boats that were sunk.

Mr. McILRAITH: The answer to that is very fair, I think, Mr. Jackman, if you would take the auditor's statement of the Park Steamships Company. On that you would immediately get the answer. It is shown there.



Mr. STEWART: In the public accounts?

Mr. McILRAITH: Yes. I was impressed. I was thinking in fact the other day when we were talking about specific ships that we were going about it the wrong way altogether. The sale price does enter into it and the Park Steamships Company does enter into the subject. But I submit in all respect that the witness before the committee would not in any evidence he might be able to give know much of the information which has been asked about these ships,—for instance, the ones that have been a total loss, on the point raised by Mr. Jackman.

Mr. STEWART: I think it is not reasonable to take the sale of each ship—I think the operations of the company should be taken as a whole, not on the operation of each ship. None of the commercial firms would do that.

Mr. McILRAITH: It does not give an accurate picture to the committee, because you get one ship for instance whose net operating earnings will be high if the ship was in operation for some time. It does not give the full picture to the committee.

Mr. MCGREGOR: Did you have any ship running higher profits than that?

Mr. McILRAITH: Higher profits—yes. Here is one, the *Sunnyside Park*, slightly higher; another one, the *Eastwood Park*; here is one with much lower net earnings, \$432,000.

Mr. GOLDING: What is the highest?

Mr. McILRAITH: I would have to sort that out from over fifty.

Mr. MCGREGOR: What is the use of talking about earnings? What was the difference between the average sales price and the average cost price on we will say the 10,000 boats.

Mr. McILRAITH: I will have to work that out.

Mr. MCGREGOR: That is exactly what we are trying to find out.

Mr. McILRAITH: We get into a lot of variable factors there; we have to take into consideration the factor of the years of operation, the factor of depreciation allowed, if any; also the factor that certain types cost more and the selling price may be less. I think I have a memorandum here from which I can show you that.

Mr. MCGREGOR: I think, if you give us on these 10,000 tonners—

Mr. McILRAITH: Let me just illustrate my point there. In the 10,000 ton dry cargo boats about which we are speaking, the original, the *North Sands* type was the highest cost ship in that class yet it has the lowest selling price of the three types in the class; so if you work out an average—

Mr. MCGREGOR: Work out the average of these, as I say; and give us the spread between the cost price and the sales price—for instance on this boat which cost \$1,200,000. In other words get the picture of the loss in that one case, on the selling price of a \$1,200,000 boat.

Mr. McILRAITH: No, that is not right at all on the Canadian type.

Mr. MCGREGOR: No? Show us where it is wrong.

Mr. McILRAITH: No. On the Canadian type it would be \$900,000. On the *North Sands* type it would be quite correct, it would not be very far out; but it would be out considerably on the Victory type. It would be different on the *North Sands* type, that is the first 10,000 ton type, and I think you will find that the cost of the *North Sands* type will be up, and the operating revenue will be up because they were older boats used for a longer period of time.

Mr. STEWART: Why would the operating revenue be up in that case?

Mr. McILRAITH: Because they were operating for a longer period of time. Take a type that had been operating only six months—

Mr. STEWART: It was a year in actual operation.

Mr. McILRAITH: No, it was longer in service; and that factor makes the selling price more and also makes the operating revenue higher.

Mr. McGREGOR: I do not see very much difference; what is the difference between one operating a long time and one operating a short time?

Mr. McILRAITH: It is the revenue coming in for a longer period of operation.

Mr. McGREGOR: We are talking about the difference between the sales and the cost price. You say there was a big difference between the selling price in one operating in a long over one operating for only a short time. We want to know the difference between the cost and the sales price.

Mr. McILRAITH: Here is exactly the point about which you are talking. The first type of 10,000 ton dry cargo vessel built, as I understand it, was a coal burner, the North Sands type. That was the most expensive type in the 10,000 class to build. It also now is the least valuable to sell of the three types for two or three reasons—I must admit I am not an expert on ships—but there are two or three reasons why it is less valuable when you come to sell it; one is that it is a coal burner; another one is that it is slower; and another one is that it is an older type of ship; so that you cannot just submit the sale price along with the purchase price and say that is the whole story with respect to that ship.

Mr. STEWART: When you charter a vessel do you deduct the depreciation from the amount you receive in charters?

Mr. McILRAITH: To what are you referring now?

Mr. STEWART: To the general principle.

Mr. McILRAITH: Depreciation would not be in the cost. I might make it clear that the ship about which I was speaking was operated on a management fee basis. They are turned over to a regular steamship operating company and all the revenue goes to Park, and Park pays a management fee; and, of course, the expenses. There would be no depreciation allowed in there as an expense. Depreciation would not appear.

Mr. STEWART: One could take the profit and loss statement of the Park Steamship Company and from that get the details of the cost of operating each of these ships?

Mr. McILRAITH: I think so. For instance, the book value—they carry as book value the original cost. Take this one here, the *Sunnyside Park*; the book value I think that was carried was the original cost, and that ship was in operation practically two years.

Mr. STEWART: That would mean that your net earnings were not surely net earnings in the commercial sense, were they; insofar as depreciation was not included?

Mr. McILRAITH: It would also mean then that the depreciation did not come out of the book value item shown in the Park statement.

Mr. STEWART: Quite, and it would all balance itself out in the long run.

Mr. McILRAITH: Yes.

Mr. STEWART: The only thing is, your capital loss would be greater when charged than had you charged depreciation.

Mr. McILRAITH: That is right, that is quite true.

Mr. PROBE: Is the management fee five per cent of the earnings, or twenty per cent, or what?

Mr. HOMUTH: I would like to see—

The VICE-CHAIRMAN: Just a minute, Mr. Homuth; there is a question by Mr. Probe.

Mr. McILRAITH: I cannot answer your question offhand accurately. I think it was less than that.

Mr. PROBE: Can you give me any idea of what the percentage was?

Mr. McILRAITH: I cannot give you that with any definiteness or certainty so I think I better leave it as it is.

Mr. PROBE: I was wondering, would it be less than five, or more than ten, allowed to the companies operating these ships?

Mr. McILRAITH: I think you are away high; but, as I say, I prefer to be sure.

Mr. PROBE: It is just a matter of interest. I do not think it is part of our job at the moment.

Mr. McILRAITH: My own impression is that it is under five, but I am not able to give you a categorical reply.

Mr. PROBE: And for this fee the steamship company simply handles the books, hires the crew and so on?

Mr. McILRAITH: Handles the whole cargo, arranged for it.

Mr. PROBE: Secures the cargo?

Mr. McILRAITH: They operate the whole thing.

Mr. HOMUTH: They simply lease the ship and charge a fee.

Mr. McILRAITH: No, no, there is a little difference when you use the term lease, that brings up other questions. They manage the operation of the vessel.

Mr. HOMUTH: What I would like to see, Mr. Chairman, is a breakdown on the *Parkdale Park*, the ship you mentioned, of the earnings and the expenses and I would like to see a breakdown of those expenses and see how they are arrived at, what they were paid out for, and just what it means; because, frankly, I do not think any member of the committee—and at least you do not—knows just really what that entails. If you could give us that on one of these ships so we would have that complete breakdown.

Mr. McILRAITH: Yes. Exactly what was included in the expense item.

Mr. HOMUTH: Yes, the official record of the operation of one of these ships.

Mr. McILRAITH: I was confronted with the predicament of 176 individual ships and coming here today—

Mr. GOLDING: Could you give us an idea of what the expenses are?

Mr. McILRAITH: I think what you want is the operating statement with respect to a particular ship.

Mr. HOMUTH: Of a particular ship, then we can easily judge from that just what the whole story is on the other.

Mr. McILRAITH: Yes, that would be it.

Mr. HOMUTH: I would like to know this, for instance; there was the war risk bonus paid these men who worked on these vessels, apparently it was paid to no other seamen in the world and it was not a case of each one getting a special bonus, it was a question of varying bonuses depending on what position you held in the ship. It ran into tremendous figures.

Mr. McILRAITH: The United States authorities paid much greater bonuses to their seamen.

Mr. HOMUTH: Well, on a different basis.

Mr. McILRAITH: I am not in a position to argue in detail, but I think I have an idea of what you want in your statement.

Mr. HOMUTH: I would like to see a breakdown to see whether that bonus was paid out of these costs, or how the bonus was paid, or what is taken out. That is what I want to know.



Mr. McILRAITH: I think what you want is quite specific; a particular ship with full detail of the expenses. I think we can get that. I will have to get it from Montreal.

Mr. STEWART: What about depreciation? I think someone has said that the policy in this case was not to charge depreciation as is the case in commercial companies carrying on a similar operation.

Mr. McILRAITH: Let me put it this way. I do not want to generalize because it might lead to difficulties. Other companies were not in this type of operation at all. Park is the only company of its type, a crown company. It was the only one dealing with ships. And I think if we confine our remarks to it—

Mr. STEWART: Yes.

Mr. McILRAITH: The title to these ships is vested in the crown and remains vested in the crown, as I understand it; it did not pass to the Park Steamships Company Limited. So there would be no question of depreciation.

Mr. STEWART: Sure.

Mr. McILRAITH: I think that is about all I can usefully give the committee this morning. If there is anything else which Mr. Smith or any other member of the committee may want which is not available from this information, no doubt you will have an opportunity of coming back to it at a later stage.

Mr. HOMUTH: I wonder, Mr. Chairman, when that financial statement is made up—we should be able to get it for our next meeting—I wonder if you could have copies mimeographed for the use of members of the committee?

Mr. McILRAITH: I will try to, yes. We have found a little difficulty in getting that sort of work done.

Mr. BLACK: Mr. Chairman, there is some additional information I would like to have in respect to fairmiles and corvettes to which you have referred in previous years and also this year. Some of those boats were taken from the eastern coast, brought up the St. Lawrence to Sorel and there dismantled or despoiled. The minister submitted certain information as to the cost of those boats, what was realized for them, and Mr. McIlraith has referred us to the returns where we could procure that information. A complaint, perhaps I should say a rumour—I have no direct information myself, except referring to a rumour—which has it that these boats were brought up the St. Lawrence and dismantled and despoiled of their supplies and equipment, fittings and so on. My inquiry is what became of this equipment and of these supplies, where was it stored and what was realized from it, before these boats were dismantled. If I remember correctly, another policy was followed when they disposed of this same class of ship on the Pacific coast. That point is one which has been referred to several times, and one which might be answered very, very quickly by someone giving attention to it; as to what authority anybody had to dismantle or to despoil these ships, what became of the supplies, the equipment and fittings, and what was realized from them; and if it is in storage, where it is in storage. If we got that information we could answer the rumours and inquiries that we get. As I say, I have no further information. I think these reports should be answered.

The VICE CHAIRMAN: I think Mr. Berry might like to make a statement on that.

Mr. BERRY: I have no immediate knowledge of it. I do know, I have heard, that while the boats were stored at Sorel certain items of equipment were removed from the boats in an unorthodox manner, not by members of the War Assets Corporation; but I have no proof at the moment with which I can support that statement.

Mr. BLACK: I would ask Mr. Berry to get that for us. If he is not in a position to get it—I do not think we should have to ask for it over and over again. If he has it I think he should produce it, and if he hasn't got it then all he can do is just tell us he hasn't got it, and, if Mr. Berry hasn't got it I should like to ask where we will get it. Certain sections of the public desire that information and I think we should have it, we should be given some explanation.

Mr. BERRY: I will be glad to examine my records and see if I can give you that information.

Mr. MCGREGOR: I would like to know now, just where we stand as regards getting a list of the different ships from the different shipyards. That question I think has been made quite plain to everybody concerned, and my friend has spent the greatest part of the morning going over a lot of stuff that does not mean anything because you can't—

Mr. McILRAITH: It was at the request of the committee.

Mr. MCGREGOR: If you would answer the questions that have already been asked, they are on the record, instead of this stuff here before this committee which is nothing more or less than confusing, we would get some place. I want to know right now whether we are going to get the information asked for; yes or no.

The VICE CHAIRMAN: Well, Mr. McGregor, I think you will recall that it was agreed at the last meeting that before going into the preparation of such a list, it would be in order to dig up the information which had already been given in the House in order not to duplicate the work. As soon as Mr. McIlraith has a complete list of the information immediately available the committee can then decide what further information is required for useful discussion. Mr. McIlraith has said that his record is only about one half completed.

Mr. McILRAITH: I did not say that I had only half of it completed; what I said was that I had got a list of it.

Mr. MCGREGOR: I have not seen anything yet to show us the different cost of the different boats in the different yards. I have not seen anything yet to that effect.

Mr. McILRAITH: On that point, the original cost as between different yards: This committee has spent considerable time—I think Mr. Homuth will bear me out—in going into the shipbuilding programme in detail as between the different yards and so on. Now, if we are going to examine into that and get away from ship sales altogether; well, it is up to the committee; but I think the committee should only start on that if they, knowing exactly what they are doing, and having some reason for doing it, so decide. I do know that for the greater part of one session the work of the whole War Expenditures Committee was taking up yard by yard the question of costs and exactly what they were building and all the details of it. If it is the desire of the committee to repeat all that work and get away from ship sales; why, that is quite all right. But I do want to find out just what the committee are doing, and I would like them fully to appreciate that we are departing altogether from the whole subject with which we are now dealing.

The VICE CHAIRMAN: Mr. McIlraith, is the information which you have given us this morning in such form that it could be placed in the minutes of to-day's proceedings for the convenience of members?

Mr. McILRAITH: What information is that?

The VICE CHAIRMAN: With regard to the cost of certain ships such as corvettes, fairmiles and others, which you have mentioned this morning.

Mr. McILRAITH: The corvettes could be put on the *Hansard* of this committee, but the other is not—for instance, the average price of the *Victory* is \$1,700,000. Well, as I go through the ships I have here—here is one giving the



actual cost of, \$1,705,929.25; the cost of another one is \$1,707,456.21; and the cost of another one is—this is the Canadian type—\$1,704,752.86; another one is \$1,708,639.32. And now, I suppose in the Park fleet, that could be repeated right through for the whole 176 ships:

Mr. McGREGOR: Is that the average cost of these ships?

Mr. McILRAITH: I do not think it is for these. It is the actual cost on these.

Mr. McGREGOR: Pardon?

Mr. McILRAITH: This is the actual cost.

Mr. McGREGOR: Well, Mr. Chairman, I just ask you does that mean anything? Is that the lowest cost? Is that the average cost? Is it the highest cost? What is it?

Mr. McILRAITH: I gave you the average cost earlier.

Mr. McGREGOR: That is the average cost?

Mr. McILRAITH: It was in the information I gave you originally, then I have given you the cost of specific ships.

Mr. McGREGOR: If that is the average cost—I happened to be on that War Expenditures Committee investigating ships, as well as Mr. Homuth, and some of the rest of us; that is exactly why we want these costs at the present time.

The VICE CHAIRMAN: I would suggest, Mr. McIlraith, that you put into the report of this meeting as much of the information that you have given this morning for the convenience of members, as may be available.

Mr. McILRAITH: I just want to make one thing clear. Everything that I have been saying has been taken down here in shorthand. And now just what more I can do—except to file that list of corvettes which I referred to but did not read specifically—I do not know. And I still am not quite clear if this is a committee on economies in the disposal of war surpluses and the operation of the department, or whether it is now proposed to go back into something that was thoroughly covered by Mr. McGregor in the War Expenditures Committee of other years, the cost of individual yards. I am not clear about it at all; and, with due deference, I do not see where it is relevant to the committee at the moment. If the committee wants it—

The VICE CHAIRMAN: That is the first order, as decided upon by the steering committee and confirmed by the main committee. We are now investigating the activities of War Assets Corporation, a body which does not operate on any commercial basis. If you wish to go further, to go into the activities of the Department of Munitions and Supply, that is another story altogether. But until we are through with War Assets Corporation I think it is the duty of the committee to restrict its discussion to the particular topic before it.

Mr. McGREGOR: Then according to you, Mr. Chairman, this munitions and supply, the War Assets Corporation; cannot submit a list of the names of goods that have been sold, and this committee has no right to inquire what these goods cost; is that right?

Mr. McILRAITH: That is not right at all.

The VICE CHAIRMAN: I do not see that it is in order because it has been made quite clear by our witness, if I recall it correctly, that the corporation does not act on a commercial basis. It does not matter whether the item cost so much, or so much; they have to dispose of it to the best possible advantage, according to a policy which has been carefully laid down and which we have already discussed here.

Mr. McGREGOR: Well, all right now. In the first place let me say this: that my friend here says we know the cost of these ships. We do to a certain point; we went into the cost of these ships to a certain point as everyone



knows, and they were still continuing to build ships and went on with it for two years or more after this committee ceased to function. And now, just why the different procedure on ships than on other articles that have been sold by War Assets? War Assets have produced in most cases a list of the cost price of the articles they have sold. Why not produce the same list on ships? I venture to say War Assets has a list of the cost of these ships that they sold when these things are made out. When these statements here were made up why did they not have them made out in an intelligent way so that a person could look at this thing here and see, here is a ship that cost so much and sold for so much. That is what is causing all the trouble in this committee.

Mr. McILRAITH: You will have to go into the individual yards. I think it is probably only fair to the record to clear that point up. The honourable member has made it clear from his own remarks that he would not be satisfied with the information at all. He has talked repeatedly and continuously for the last month or more about individual yards, individual costs. The only costs War Assets would have would be the declaration figure by the declaring department on declaration of surplus. That statement of cost would not tell you what particular yard it was, what particular firm built it. The War Assets officials, with due deference, would have no means of going into the question as between individual contractors. I think that point should be made clear on the record.

Mr. BLACK: I heartily agree with Mr. McIlraith on that. I think this information was given to this committee before. It is on file and should be available for this committee if one of the members asked for it. I was on that committee. We made enquiries up to a certain point, and the information was secret. As I remember it was all secret. We were not supposed to disclose it. I did not disclose it. I think that statement could very readily be submitted, as to the cost of the different ships, and what was realized from the sale; and also in what yards they were built, and if they were built at private yards with no overhead shown, or at an agreed price—that could all be shown. Take the case of the yards in my own province, the yard at Pictou. That was government owned, and the first cost for a 4,700 ton tanker, if I remember correctly, ran over \$1,800,000, and they got that down to \$1,200,000 or thereabouts. That was to some extent due to our inquiry. But what we should know is what that yard cost and what overhead cost should be added to the cost of the ship. The same thing applies to the United Yards down here at Montreal. There was a tremendous capital cost there, the yard was equipped by the government, and I presume the cost of these cargo ships would include the yard cost item in operating costs; and there is a further fact that no provision has been made for the depreciation of the yard. It is information such as that which I understand Mr. McGregor wants. I do not think the members of the committee would want to have the details, but I think the general picture should be available and should be submitted to the committee, particularly with reference to the cost of equipping and fitting out individual yards and how that affected the cost of the ships in relation to ships built in private yards.

Mr. McILRAITH: I think, Mr. Chairman, Mr. Black has just proven the point which I was trying to make. He has indicated that the subject in which he is interested has nothing to do with War Assets Corporation at all in the selling of ships, but that he wants to embark on that other question of ship-building yards. Now, if the committee fully understands that, it is quite all right with me. But I do want to point out that there is no use in keeping at

witnesses from War Assets Corporation to tell you about the cost of individual shipyards. This witness could not give us that information; and I say that with all due deference to the witness, and in all respect to him.

Mr. MCGREGOR: Did anyone on this committee suggest that War Assets had anything to do with the cost of building ships?

Mr. MCILRAITH: Yes, that is your suggestion.

Mr. MCGREGOR: Who suggested that?

Mr. MCILRAITH: You.

The VICE CHAIRMAN: Order, please.

Mr. MCGREGOR: I have never made any such suggestion. I have said right along that the cost of anything as far as the yards was concerned would have nothing to do with Mr. Berry.

The VICE CHAIRMAN: If I remember correctly, Mr. McGregor, you have intimated that the witness' statement was not an intelligent statement because it did not contain any reference to the cost of these ships.

Mr. MCILRAITH: And that the witness was stalling.

Mr. MCGREGOR: He has all the costs. He has been discussing costs practically every time he has appeared before this committee, but when it comes to the cost of ships he hasn't got it. He has appeared here time and time again and said, here are the costs of this and that.

The VICE CHAIRMAN: He has done his best to comply with your request, and his answers have been very enlightening to the committee.

Mr. MCGREGOR: I am sorry to say that his answers have not been very enlightening to me.

Mr. PROBE: We are wasting a lot of time on all this, and that is probably pretty much our own fault as members of this committee. I think I get clearly what Mr. McGregor wants, I think as a member of the committee he is entitled to have it. But I do think we are going about things the wrong way. I have here a list of the 146 ships operated by the Park Steamship Company, and it shows a total cost of \$251,000,000. Now then, I think we would get what Mr. McGregor wants if we were to have tabulated opposite the name of each of these vessels, when we are having a list prepared, from whatever source it is required to get it—if we could have the name of the vessel on one side, then the cost price, if necessary the yard where it was built—that is not a great deal of additional information as far as getting it out is concerned; then we will have the selling price, and then, having that information we can examine the witness as to why a vessel which cost \$1,700,000 was sold to a certain owner for we will say \$150,000. That is what we are trying to get at; why certain sales realizations were so low and others high. I think there should be little difficulty in getting that for us.

Mr. GOLDING: Well, Mr. Chairman, I think we ought to have a great deal of patience in dealing with matters of this kind, but I do want to protest against the treatment that is handed out to the witnesses that come here, who answer the very questions that were asked and are then denounced for not answering something that was not asked at all. That is not fair. It is not fair to the witness, and it does not get us any place when we carry on in that way. Surely to goodness we are grown people sitting around here.

Mr. MCGREGOR: What was that?

Mr. PROBE: Mr. Chairman, if Mr. Berry has not, Mr. McIlraith has the facilities with which to get the cost of these particular ships.

Mr. MCILRAITH: You are referring now to the Park fleet only?



Mr. PROBE: It happens to be the Park fleet, I have that file here before me; but it would apply to the others also.

Mr. McILRAITH: I am not sure we can.

Mr. GOLDING: As Mr. Black says, we had this inquiry in War Expenditures Committee in 1943, and when we closed up on that; we may have got a little information in 1944, but we had very little of it in 1945; and it is true that a lot of construction took place after that date; and I have no knowledge about asking for the price of ships or anything else. But when a witness comes here and answers the questions which are asked to the very best of his ability and is then denounced for not having given information which was not asked at all; as I said, I think that is most unfair and that is not the sort of thing to be expected from a committee of this kind.

Mr. HOMUTH: Mr. Chairman, I think perhaps the fault and the unfairness lies with the government itself. All they had to say to this committee is, that when War Assets had these books turned over to them, they have or they do not have the cost price declared to them. On the other hand, with respect to most of the articles that were sold by War Assets they give us a list showing the cost and the selling price. And now, if War Assets do not have that information, all that Mr. McIlraith or they have to do is to say that they haven't got it, that they cannot give you the price, or the particulars as to the concerns who made the article or who supplied it. I think the government itself put the witness in an embarrassing position by not clearly indicating just what is available and where it is available. I can quite understand that where ships were turned over to War Assets—here is a group of ships all of the same tonnage, the same equipment and everything; here is the average price. That is not what we want. We want the cost of the individual ships and the different yards. We want to see what it cost to produce ships in government yards and in private yards; what these ships were sold for. Mr. McIlraith will say that War Assets haven't got that information. That is one thing we want now, we would like to know the cost of the ships; and the reason there is so much delay is because that information is not forthcoming. I think it is up to the government themselves.

The VICE-CHAIRMAN: One of the difficulties there, if I recall it correctly, is this; it has just been mentioned that the value of the ship as given to War Assets by the declaring units was that of the ship fully equipped, and when the ship is sold it is sold without equipment as a bare boat.

And now, gentlemen, we have our witness here, Mr. Berry, who is ready to answer further questions on the general policy of the corporation on the disposal of ships. This matter was covered by the brief submitted at our last meeting. I would ask you kindly to restrict your questions to that particular point, since we have here the witnesses who can answer your questions on that subject.

Mr. MURPHY: Before you go into that, I think after the discussion we have had this morning on these questions there should be some indication as to whether or not we are going to get the information.

The VICE-CHAIRMAN: I will gladly answer you, Mr. Murphy. It is my intention to call a meeting of the steering committee on Thursday morning. I expect the steering committee will have a lengthy discussion on this particular matter and others that will come up. Our witness will not be able to be here on Thursday morning, so we will take advantage of that opportunity to call a meeting of the steering committee and have a very thorough discussion of this whole question.

Mr. MURPHY: Well then, Mr. Chairman, you made a statement just a moment ago about the cost of these ships including equipment when they were



declared to War Assets and their being sold without the equipment; before we proceed with the examination I would like to ask that we be given particulars showing the value of these boats with that equipment, and without that special equipment.

The VICE-CHAIRMAN: That is my recollection, that they were declared to War Assets fully equipped. I think that was your statement, Mr. Berry?

Mr. BERRY: I believe, Mr. Chairman, that is correct.

Mr. MURPHY: We would also like to know what that equipment was and what was done with it.

The VICE CHAIRMAN: That is a matter which will be discussed by the steering committee on Thursday. The steering committee will also be asked to decide whether we are going to continue with our present order of reference or hold up our discussion about War Assets and go on to munitions and supply and so on.

Mr. MURPHY: I do not see how you can discuss this brief without having the information that Mr. McGregor wants.

The VICE CHAIRMAN: We are on the general policy of the corporation on the disposal of ships. Are there any questions on that?

Mr. McILRAITH: There is just one point I want to have fully understood as to the Park fleet, it has been sold under a sales formula laid out in the House of Commons, discussed and debated there, the policy of the government. The reference to this committee is to report what if any economies consistent with the execution of the policies decided by the government can be made. I think there has been, to a limited extent, a wrong approach to the whole problem. It is the duty and the responsibility of the government to formulate policy and it has been so since the beginning of time.

Mr. HOMUTH: It will be for this committee to make any recommendations as to changes in policy.

Mr. McILRAITH: I want it clearly understood that my remarks refer only to the Park cargo vessels, they are limited to that; and it would only be within the power of the committee to deal with the economies that can be effected consistent with that policy.

Mr. MURPHY: Are we through with that part of it now, the Park steamships?

The VICE CHAIRMAN: Yes.

### **Mr. J. H. Berry, recalled.**

Mr. MURPHY: I was just noticing on page 1 of the list, International Iron and Metal Company of Hamilton, bought five of those corvettes at \$10,000 each. I see that there were others who bought a large number of these vessels. For instance, Dominion Foundries, Hamilton; and on the next page Dominion Foundries Company, Hamilton, bought nine of these vessels at \$10,000 a piece. I think, Mr. Chairman, that these companies who bought five or more ships, apparently for scrapping—that we should have a list of what these companies did buy from War Assets.

The VICE CHAIRMAN: What do you mean by that exactly, Mr. Murphy; you are referring to companies that purchased more than one ship from War Assets?

Mr. MURPHY: Yes.

The VICE CHAIRMAN: And you are asking exactly what they have purchased?

Mr. MURPHY: Yes, from War Assets.

Mr. BERRY: Would that question include everything else they have purchased as well as ships?

Mr. MURPHY: I think it is very important that we have that information, because it appears from this list alone that that is going to run into millions of dollars for the one company.

The VICE CHAIRMAN: I do not think the corporation has any index of purchases under the name of the purchaser, so this would require looking up all the invoices held by the corporation. I was just wondering whether this was a fair question as it would tie up the time of the witness and his officials getting the information.

Mr. BERRY: I could get the information, Mr. Chairman, but it will mean going through all our ledgers and finding out individual invoices as against these purchasers and extracting that from the invoices, and possibly going to each individual file and getting the information requested. I will be very glad to do it.

Mr. MURPHY: Could you not get at it more easily by obtaining the information from the purchasers—Dominion Foundries, International Iron and Metal, and all these other companies I have mentioned. They would know what they have bought.

Mr. BERRY: If I were to write and ask for lists of everything they have purchased from War Assets Corporation they would probably provide it for me, but I do not think that is the way to get information for this committee.

Mr. MURPHY: You could verify that from your own invoices, that would be satisfactory to us. That would save you looking it up.

Mr. BERRY: I would have to check it against our invoices before presenting it.

Mr. MURPHY: Yes, but it would save you going through all the invoices if you got a separate list from each of these companies, you could then verify it with very little trouble and that would be sufficient for our purpose.

Mr. BERRY: Yes.

Mr. McLRAITH: The point there is that it would be better, more proper, for the committee to bring these witnesses here if they are going to be asked to give information about everything they have purchased from War Assets Corporation. Surely War Assets Corporation should not be put in the position of going to them and asking them for it. I have no objection to the information being obtained; don't misunderstand me, but the point arises as to who is to produce it. If Mr. Murphy's second suggestion is followed, then surely it is a matter for the committee itself to go to these purchasers and get the information from them.

Mr. PROBE: Is there any reason why it should not be limited just to ships? Do you want to know every specific transaction of each company?

The VICE CHAIRMAN: Would you mind letting this question stand until the steering committee meets on Thursday, so we may study your question and see what recommendation we should make to the committee here as to the best channel through which to obtain your answer?

Mr. MURPHY: That is all right.

Mr. PROBE: I would like to ask Mr. Berry a question which deals with bills to American firms.

*By Mr. Probe:*

Q. I notice one large purchaser here, the United States Ship Corporation. On the floor of the House some months ago, I believe during the present session, the statement was made by the Minister of Reconstruction that it was a matter

of policy for the War Assets Corporation of Canada to stay out of the American market—that there was a gentlemen's agreement by which the American War Assets Corporation and the Canadian War Assets Corporation stayed out of one another's markets. Now then, in the case of quite a number of these corvettes here—one deal runs to \$470,000 to the American Ship Corporation, and the other is the matter of aircraft to the Babb Company of New York, 185 Fleet and other aircraft—there seems to have been diversions from established policy, and one which involves pretty large deals. I wonder if Mr. Berry can tell us why the policy to which I have referred apparently was departed from in this case, I wonder if he could explain that?—A. I think it is quite simple. Our government agreement covered the sale of surpluses by the U.S. government agency in Canada and the sale of Canadian surplus in the United States. These ships were sold to a U.S. company, but not for use in the U.S.

Q. They will be under some other registry?—A. They may have been sold to the Mexican market or to some south American interest, or to Greece; I do not know.

Q. And that sort of deal is going on with United States purchasers?—A. Provided they are not for consumption in the U.S. If we sold them for consumption in the U.S., then we would be violating our gentlemen's agreement.

Q. And they simply give you assurance, there is no legal hold on them?—A. Correct, we have no legal hold on them, but it is agreed in general that it does not violate the gentlemen's agreement.

Q. Because the Canadian buyers are having trouble buying from American Surplus Assets Corporation.—They are not having trouble buying from the U.S. Assets Corporation; all it calls for is a letter from us to the purchaser saying that we have no objection to them buying from the U.S. War Surplus. The only time we do raise any objection is when we have a surplus of our own of a similar type of commodity.

Q. Oh, I see; it would not be a straight objection to a commercial transaction?—A. None whatever, it is purely in relation to the operation of the War Assets Corporation.

Mr. GOLDING: Just before we adjourn, you are going to have this meeting of your steering committee and I want to make a request of the steering committee. Question that if you are going into the price of these boats that were built in private yards and the reason for the establishing of those yards that we want Mr. H. R. MacMillan here to discuss the whole situation, because he is the one who was chairman of that organization and is responsible for getting out ships. He dealt with the establishment of the United Shipyards in Montreal and of all the other yards when he was before this committee. If we are going into this subject of ships, then I submit, that you consider the idea of bringing Mr. H. R. MacMillan here; he can answer any questions you want to put to him.

Mr. MURPHY: I do not know whether it is in order or not, but I understand that when the committee sat in other years it held its sittings in camera; while the information was made available to the committee it was never made known to the public.

The VICE-CHAIRMAN: I believe that is right, the committee then sat in camera.

Mr. MURPHY: Now that the war is over there could be no serious objection to having the evidence which was heard before that committee made known to this committee. I do not know whether that can be done or not. I am just asking that for information and it might save a lot of work.

Mr. McILRAITH: That would require the consent of the House of Commons.

Mr. GOLDING: I might say in answer to Mr. Murphy that there was a discussion on the report of the War Expenditures Committee in the House and a



great deal of information was given there which will be found in *Hansard*. He will find it if he will look up the records of the discussion when the report was submitted.

Mr. MURPHY: The thought I had in mind, Mr. Golding, was that if that information could now be made available to this committee it might be of great use, but, as Mr. McIlraith says, we may require the consent of the House in order to have it read into our minutes.

Mr. McILRAITH: The report of the evidence itself was taken in camera, it was secret. The report of the committee was published and was debated in the House.

Mr. GOLDING: Mr. Chairman, Mr. MacMillan was before that committee and he stated there in no uncertain terms that he took full responsibility for the establishment of any yard that was established, and that he carried out his duties and responsibilities, which was to get out ships at a time when they were being sunk faster than they could be built.

Mr. MCGREGOR: I still cannot see what Mr. MacMillan has to do with it.

Mr. GOLDING: That is my request to the steering committee, Mr. Chairman.

Mr. MCGREGOR: All we are asking for now is the details of the cost. If this committee has the right to ask for that, all right, if not, say so and that is all there is to it.

Mr. GOLDING: It is more than just a question of it being in order, or about the establishment of the different yards.

Mr. MCGREGOR: True.

Mr. GOLDING: You know yourself that H.R. said, "I take responsibility for that, and the government or nobody else is responsible for it."

Mr. MCGREGOR: I am not arguing that point.

The VICE CHAIRMAN: Order. The steering committee will take care of that matter. And now, gentlemen, Mr. Berry was here this morning to answer supplementary questions on his statement on the disposal of ships. Mr. Smith indicated that he had quite a number of questions to put in relation to that statement. Unfortunately, he is not here this morning. Are we going to hold this discussion on the disposal of ships over for further discussion?

Mr. PROBE: The ship question is cleared up. I submitted a long list of questions by Mr. Herridge and they were accepted by the steering committee. Mr. Herridge asked me about that yesterday, and I said so far as I know the answers have not been submitted yet. I believe it dealt with the subject of ships.

Mr. McILRAITH: My recollection of that was that his enquiries had to do with the operation of the Burrard Dry Dock Company and some other shipping operations. It was in one of the reports of the steering committee, so it is still on the agenda.

Mr. BERRY: I have nine questions here to which I have not yet got the answers, on ships. They were submitted at the last meeting.

Mr. MURPHY: Is there a meeting of this committee on Thursday?

The VICE CHAIRMAN: We will not be able to meet on Thursday because the witness will have to be in Montreal tomorrow and Thursday. That is why I have called a meeting of the steering committee on Thursday when we can take up these matters which have been discussed here this morning; so the main committee will sit on Friday morning, if that is agreeable.

Mr. MURPHY: Of course, Friday is fairly busy. It seems to me that we are not getting along as fast as we might, largely because of procedure. Would it be possible for members of the committee to be furnished in advance with the agenda for meetings they are to attend?

The VICE CHAIRMAN: How do you mean?

Mr. MURPHY: For instance, if we are having a meeting on Friday we would like to know what is going to take place.

The VICE CHAIRMAN: As chairman of the committee I have made it the practice at the close of each session, to announce what the agenda will be for the following meeting. At the end of our last meeting I announced that we would have further discussion on the statement of the disposal of ships, and that if we finished with that we would take up the appendices which were filed on the 31st of May, regarding the disposal of certain lands and buildings. That was the order of business for today.

Mr. MURPHY: Some time ago, Mr. Chairman, I do not know whether it was you or the other chairman, it was agreed that we would be furnished with information that was to be read, in the form of brief or statements prior to the meeting, that practice has not been followed and we are rather at a disadvantage in discussing the material when it has been presented.

The VICE CHAIRMAN: As far as the last brief was concerned, it was not possible to furnish members with copies in advance. That is why we delayed open discussion of it. So as to give the members an opportunity of studying it over the week-end. Now, if we are through with the discussion of the brief itself we will adjourn, and at our next meeting we will take up the appendices filed on May 31 with regard to lands and buildings.

Mr. PROBE: In connection with lands and buildings, Mr. Chairman, I notice in going over the evidence given by the army, when their witness was here, that he did not submit separate figures dealing with the disposal of properties held by the Department of National Defence (Army). Now I believe that these figures are in that rather bulky answer that Colonel Denney laid here on the table one day on which we decided not to print. Would it be possible to get a summary of those figures so that we could have some general information as to what is contained in that answer? You recall that it was decided that the information would be available to anyone who wanted it; well, when I want the information I cannot get it without going downstairs to see it. I think possibly it would be an advantage to the members if we had some sort of a synopsis of the contents of that material so that we will have a general picture, a summary of real estate disposals by the army. I think that would be valuable.

The VICE CHAIRMAN: The steering committee will consider that when we meet on Thursday. That is a very, very voluminous report to which you are referring. We will see to what extent it is possible to comply with your request. Is it the pleasure of the committee that we adjourn at this time?

Some Hon. MEMBERS: Agreed.





















Gov. Doc  
Can  
Com  
W

Canada. War Expenditures and Economies  
DEPT. OF PARLIAMENTARY SERVICES  
UNIVERSITY OF TORONTO

(SESSION 1946  
HOUSE OF COMMONS)

CA1 XC2

-46 W12 (SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 22

FRIDAY, JUNE 14, 1946

WITNESSES:

- Mr. G. J. McIlraith, M.P., Parliamentary Assistant to the Minister of Reconstruction and Supply;
- Mr. J. H. Berry, President, War Assets Corporation.



## MINUTES OF PROCEEDINGS

---

FRIDAY, June 14, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Cote, presiding.

*Members present:* Messrs. Bradette, Cote (*Verdun*), Golding, Lalonde, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*), Winkler.

*In attendance:* Mr. J. H. Berry, President, War Assets Corporation and Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Vice-Chairman presented the Seventh Report of the Steering Committee, as appears in this day's minutes of evidence.

On motion of Mr. Golding,

*Resolved*, That consideration of the Steering Committee's Seventh Report be postponed until Tuesday, June 18, and that in the meantime copies of the report be made available to each member of the Committee.

The Clerk read into the record a communication from Mr. A. Ross, Deputy Minister of National Defence (Army).

The Vice-Chairman also read a communication from Mr. Jackman, submitting his resignation as a member of the Steering Committee.

On motion of Mr. Reid, Mr. Jackman's resignation was accepted.

On motion of Mr. Murphy,

*Resolved*, That Mr. McGregor be named as a member of the Steering Committee in lieu of Mr. Jackman.

Mr. McIlraith made a further statement on costs of ships disposed of, and answered questions.

Mr. Berry was also recalled and questioned.

At 12.40 p.m., the Committee adjourned until Tuesday, June 18, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 14, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Vice Chairman, Mr. Paul E. Cote, presided.

The VICE CHAIRMAN: Order, please. I will ask the clerk to read the report of the steering committee.

The CLERK:

FRIDAY, June 14, 1946.

Your steering committee met on Thursday, June 13, and now begs leave to present its

### SEVENTH REPORT

Your committee had several matters under consideration, including ways and means of expediting its present inquiry into the disposal of surplus war assets.

In this respect, the attention of the main committee is drawn to its initial programme as outlined in the steering committee's report presented and adopted on November 20, 1945, namely, that the committee "first inquire into the four following subject-matters in the order named, viz: (1) The Crown Assets Allocation Committee; (2) War Assets Corporation; (3) The Commodity Prices Stabilization Corporation; (4) The Wartime Prices and Trade Board."

On March 26, 1946, when the committee resumed its activities, it was decided to continue the inquiry into the disposal of surplus war assets, and your steering committee is of the opinion that unless it decides otherwise, the main committee is bound by the procedure agreed upon on March 26.

Your steering Committee feels, therefore, that until the present inquiry into the operations of War Assets Corporation is completed, the chairman should declare out of order all questions which are not related to the present inquiry. Of course, in such cases, members may refer such questions to the steering committee.

Your steering committee has also given some attention to a matter that has been raised several times in committee, namely, the question as to whether the original cost of surplus assets transferred to War Assets Corporation for disposal, should, in all cases, be shown in the evidence submitted on behalf of the corporation. In fairness to the witnesses, it would seem proper at this time to refer the committee to a statement given in evidence by Mr. Berry on November 22, 1945, which appears on page 47 of the Minutes of Proceedings and Evidence, session 1945, reading as follows:—

War Assets Corporation does not generally maintain data on original costs as part of the accounting of sales. In cases where information as to original cost is considered necessary or desirable, such information is secured specifically from the reporting department, if obtainable. This policy has been adopted, as it is considered that in most cases the original cost data is of no value to the corporation, there being no direct relation of going market price to the original cost. This again is due in many cases to articles being sold for uses other than for which they were made.





# MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 14, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Vice Chairman, Mr. Paul E. Cote, presided.

The VICE CHAIRMAN: Order, please. I will ask the clerk to read the report of the steering committee.

The CLERK:

FRIDAY, June 14, 1946.

Your steering committee met on Thursday, June 13, and now begs leave to present its

## SEVENTH REPORT

Your committee had several matters under consideration, including ways and means of expediting its present inquiry into the disposal of surplus war assets.

In this respect, the attention of the main committee is drawn to its initial programme as outlined in the steering committee's report presented and adopted on November 20, 1945, namely, that the committee "first inquire into the four following subject-matters in the order named, viz: (1) The Crown Assets Allocation Committee; (2) War Assets Corporation; (3) The Commodity Prices Stabilization Corporation; (4) The Wartime Prices and Trade Board."

On March 26, 1946, when the committee resumed its activities, it was decided to continue the inquiry into the disposal of surplus war assets, and your steering committee is of the opinion that unless it decides otherwise, the main committee is bound by the procedure agreed upon on March 26.

Your steering Committee feels, therefore, that until the present inquiry into the operations of War Assets Corporation is completed, the chairman should declare out of order all questions which are not related to the present inquiry. Of course, in such cases, members may refer such questions to the steering committee.

Your steering committee has also given some attention to a matter that has been raised several times in committee, namely, the question as to whether the original cost of surplus assets transferred to War Assets Corporation for disposal, should, in all cases, be shown in the evidence submitted on behalf of the corporation. In fairness to the witnesses, it would seem proper at this time to refer the committee to a statement given in evidence by Mr. Berry on November 22, 1945, which appears on page 47 of the Minutes of Proceedings and Evidence, session 1945, reading as follows:—

War Assets Corporation does not generally maintain data on original costs as part of the accounting of sales. In cases where information as to original cost is considered necessary or desirable, such information is secured specifically from the reporting department, if obtainable. This policy has been adopted, as it is considered that in most cases the original cost data is of no value to the corporation, there being no direct relation of going market price to the original cost. This again is due in many cases to articles being sold for uses other than for which they were made.

On the invitation of the chairman, Mr. J. S. Irvin, Assistant to the President of War Assets Corporation, appeared before your steering committee and reported on a number of questions asked of the president of the corporation, answers to which are now being prepared.

In this regard, it is suggested that, as far as possible, members limit the scope of their questions to specific items so that the information sought can be obtained without involving unnecessary time and expense entailed in preparing information in addition to that required by the committee.

Your steering committee gave consideration to a question submitted on behalf of Mr. McGregor relating to the operation of shipyards, ship production, cost and disposal.

It was decided instead to obtain the costs of ships disposed of.

Another question submitted on behalf of Mr. McGregor, relating to new cloth declared surplus to War Assets Corporation, was referred to the Parliamentary Assistant to the Minister of Reconstruction and Supply.

Mr. McIlraith filed with your committee answers to questions by Mr. Black, concerning ships built by Industrial Shipping Company Limited, of Mahone Bay. These answers are annexed to the present report.

Your steering committee decided that the main committee would complete the hearing of evidence concerning ship sales followed by the evidence on the disposal of real estate, both these matters being now before the committee. On completion of this evidence, the committee will take up the question of the disposal to educational institutions of equipment suitable for instructional purposes.

All of which is respectfully submitted.

(Sgd) PAUL E. COTE,  
Vice-Chairman.

#### ANSWER TO QUESTION BY MR. BLACK

*Industrial Shipping Company, Limited, Mahone Bay, N.S.*

This is a supplementary question to one answered on page 299 of the Minutes of Proceedings and Evidence.

1. On the cessation of Mutual Aid the Department of Munitions and Supply took over the contract in accordance with departmental procedure and orders were then issued to complete them and turn them over to War Assets Corporation for disposal.

- (a) Who in the Department issued such instructions giving the date such orders were issued?
- (b) What was the stage of construction of these craft at the time of such order; and, in particular, were there any of the said craft whose construction had not begun at that time?

*Answer:*

1. (a) The Honourable C. D. Howe, Minister of Munitions and Supply, on the 26th of September, 1945.
- (b) As of September 26, 1945, the stage of construction of these vessels was as follows:—

	Per cent
Vessel Tanac-V-No. 251.....	.98
252.....	.98
253.....	.90
254.....	.90
255.....	.75
256.....	.65
257.....	.65
258.....	.35
259.....	.30
260.....	.15

2. On page 299, it appears that completion of such craft is expected by the end of May, 1946.

What was the date of the beginning of construction of these craft?

*Answer:*

2. On March 26, 1945, a telegram was sent to Industrial Shipping Company Limited which advised that the Department, in behalf of the United Kingdom, was placing a contract with them for these ten vessels and instructed them to commence the purchase of materials and to complete all necessary preparations for construction. This was confirmed by a "Letter of Intent" dated March 28, 1945. The contract referred to above was signed on May 3, 1945.

Prefabrication of the keels, stern and stem-posts, shaft-logs and deadwood of these vessels was commenced on the following dates:—

Vessel Tanac-V-No. 251.....	March 26, 1945
252.....	April 12, 1945
253.....	May 15, 1945
254.....	June 14, 1945
255.....	June 22, 1945
256.....	August 23, 1945
257.....	August 23, 1945
258.....	September 7, 1945
259.....	September 7, 1945
260.....	September 18, 1945

3. On page 299 appears the answer to Question 4 which is as follows: 5—65 ft. wooden harbour tugs were delivered on April 26, 1946.

When was construction begun on each of these crafts?

*Answer:*

3. This question refers to Tanac vessels Nos. 251 to 255 inclusive, listed above.

(NOTE:—In addition, Nos. 256, 257 and 258 were turned over to the custody of War Assets Corporation at the end of May, 1946 and Nos. 259 and 260 are now practically completed and will be turned over to War Assets Corporation early in June.)

4. On the same page the answer is given with respect to the sale of two utility craft.

How were these sales made; was it by advertisement, by tender, or by other means?

*Answer:*

4. The 46-foot utility craft, which was sold to Gus Winter Limited of St. John's, Newfoundland, was advertised for sale under Tender No. G-1-17, on December 1 and 3, 1945 in the St. John's *Evening Telegram* and *Daily News*. Eight bids were received and the sale was made to the highest bidder.

The other 46-foot utility craft which was sold to Graham Mills of St. John's, Newfoundland, was advertised for sale under Tender No. G-1-17, on December 13, 1945 in the *St. John's News*, *St. John's Telegram*, *Halifax Herald and Mail*, *Halifax Chronicle Star*, *Sydney Post-Record*, *Saint John's Telegraph Journal* and *Times Globe*, *Quebec Chronicle Telegraph*, *Quebec Le Soleil*, *Montreal Star*, *Montreal La Presse*, *Toronto Globe and Mail*, *Toronto Star*, *Port Arthur News-Chronicle* and *Fort William Times Journal*. One bid only was received for this vessel.

5. On the same page the answer is given to Question 5 to the effect that five 65 ft. wooden harbour tugs were handed over to War Assets Corporation on April 26, 1946, and that five other tugs were to be delivered to War Assets



Corporation late in May and had been sold for \$20,000 each, the purchasers together with the number purchased are also given.

When was the construction of these crafts begun and on whose authority were they delivered or agreed to be delivered to War Assets Corporation and, in accordance with preceding questions, what was the method of sale adopted with respect to these craft and by whom and when were the orders for sale given?

*Answer:*

5. The dates of the beginning of construction of these vessels are given in (2) above. Instructions to deliver these vessels to War Assets Corporation were given by Mr. W. E. P. DeRoche, Surplus Property Officer, Department of Munitions and Supply, on October 25, 1945.

The sale of these vessels was by tender and was advertised in the Press (Tender No. G-1-27). From the bids received, a price of \$20,000 each was established. Any bidder at this price was awarded a vessel and others whose bids were lower were given an opportunity of purchasing a vessel at the established price.

Eventually all ten vessels were sold for \$20,000 each. Tenders closed on March 8, 1946, and sales were made immediately thereafter. The decision to accept the highest tender as an established price was made by the Vice-President and General Manager, the Vice-President in charge of Merchandising and the Chief of Ship Sales Division of War Assets Corporation acting in concert.

6. Who are the directors, officers and owners of the Industrial Shipping Company Ltd., and when was it organized?

*Answer:*

6. Industrial Shipping Company Limited is a private company and the Corporation has no information as to who the Directors, Officers, and Owners are, nor when it was organized.

The VICE-CHAIRMAN: A motion for the adoption of the report will be in order.

Mr. MARQUIS: I would so move.

Mr. STEWART: Is there not a supplement to that report? Mr. Jackman sent in his resignation, I understand.

The VICE-CHAIRMAN: I received a letter from Mr. Jackman which I propose to read in a few minutes.

Mr. STEWART: I second the motion.

The VICE-CHAIRMAN: It has been moved by Mr. Marquis, seconded by Mr. Stewart, that the report presented this day by the steering committee be adopted.

Mr. MCGREGOR: Mr. Chairman, that is quite a lengthy report. As far as I am concerned I have not seen it and do not know anything about it. I do not want anybody to say that I voted for this report, particularly if there is anything in it there which objects to certain evidence being had, or being brought out. I do not want to find myself placed in any such position, so I am going to vote against the report because I do not know just what is in it.

Mr. MURPHY: This is the first I, or any one of us for that matter, have heard about this report, and I think it is of too great importance, because it is going to affect the work of this committee, for us to accept by adopting it this morning without consideration. That report if adopted will determine precisely what this committee is going to do with respect to ships, and I notice that it is not going to go into the cost of the yards; and I think that is very important, particularly in the light of the discussion which took place in the House prior to the last election during which certain statements were challenged. I am not very familiar with that, but I think that the members of the committee are

entitled to the information requested by Mr. McGregor with respect to ship-yards. If we are to adopt the report of this committee after its only having been read by the clerk; it is a three page report, and we have only heard it once. It would be ridiculous for us to have that motion put and carried.

The VICE-CHAIRMAN: If I may, I would like to record my objection as to the qualification which Mr. Murphy has just placed on this report as to its being ridiculous.

Mr. MURPHY: Have you copies of it, Mr. Chairman?

The VICE-CHAIRMAN: It has been presented to the committee in exactly the same way as has always been done in the past so far as reports from the steering committee are concerned. Each body in the House is represented as well on the steering committee as it is on the main committee here. However, I would not like for it to be taken that we are trying to take anybody by surprise here.

Mr. STEWART: Mr. Chairman, I do not think it was the intention; I know it is not the intention of the steering committee or of the acting chairman to give the impression that something is being steam rolled through the committee, and I can appreciate the points of view of those who are not on the steering committee. I must confess that I find it a little difficult to appreciate all the items contained in the report which has been presented to us, therefore, I think that we as members, in all fairness, should be given an opportunity to peruse the report before passing on it.

Mr. McILRAITH: Let the motion stand over.

Mr. STEWART: Yes.

The VICE-CHAIRMAN: There is another point involved there, Mr. Murphy, for your information; you are objecting to the steering committee determining precisely what the main committee should do. Those are exactly your words. The purpose of the steering committee is precisely to determine what the procedure will be in the main committee. That was the purpose of the formation of the steering committee.

Mr. MURPHY: Yes, Mr. Chairman, but I notice the report contains a reference to ships. There have been questions raised in the House about ships, and also in this committee, and respecting the cost of ships in the various yards. If we adopt that report, which apparently precludes us from ascertaining what the cost of these various ships was in the respective yards—I appreciate that the steering committee must determine the course of procedure, so to speak, of this committee, and I notice you specifically refer there to the cost of ships. That being a contentious issue, I am quite in agreement with Mr. Stewart and someone else, and Mr. McIlraith, that the report should be laid over for consideration before adoption, and in that way we would know more about what we are talking about.

The VICE-CHAIRMAN: There is one last point which I would like to stress, and that is that this committee on war expenditures has the widest possible scope as to the inquiries it may conduct, but the members will have to bear in mind that the committee has adopted a very definite line of policy with respect to its inquiries, and it did that at the very outset; and that is given in the report at the place referred to by the clerk when he read this report of the steering committee, we have already concluded our inquiry into the Crown Assets Allocation Committee. We are now investigating the War Assets Corporation. If the committee wants to make any headway, discussion has to be limited to that subject, and it has been agreed by the steering committee that anything which goes



beyond the scope of our inquiry on War Assets Corporation should be declared out of order. That is the purpose of the report. We would need an amendment to the main motion if you decide to leave this matter over for some later time.

Mr. GOLDING: Mr. Chairman, before you put the motion, or the amendment; I think we should point out to the committee that the steering committee did make a report here which was approved by the committee on what line of action they would take. We are only following the line of action that was adopted by the steering committee and in turn by this committee as a whole. War Assets was one of the things which we were to go into; and in regard to Mr. Murphy's anxiety about the price of ships and the cost of yards, that really has nothing to do with the War Assets Corporation. War Assets Corporation has not produced anything on that subject, that is not the business in which they are engaged, they are only a selling agency. And now, if you want the price of ships, or the cost of yards, that can be ascertained in the usual way, by putting questions on the order paper, but it has nothing to do with War Assets Corporation.

Mr. McILRAITH: It can be brought up here in due course.

Mr. GOLDING: Yes, it can be brought up here in due course. But the point I want to make is this, we have already adopted the report of the steering committee recommending a certain line of action, and the subject now before us is the inquiry into the operations of the War Assets Corporation.

Mr. MCGREGOR: Do I understand that this report from the steering committee—I didn't just catch the reading of it—was something along the line that they were not to produce the cost of the ships per yard; that is, the cost of the different ships that were built in the different yards. Is that what I am to understand, right or wrong?

The VICE-CHAIRMAN: I will give you the exact wording of the reference to that, Mr. McGregor:

Your steering committee gave consideration to a question submitted on behalf of Mr. McGregor relating to the operation of shipyard, ship production, cost and disposal.

It was decided instead to obtain the costs of ships disposed of.

Mr. MCGREGOR: Well now, just what are we supposed to take from that? Are we to take from that that they are not going to produce the price of the yards in this country, the price of ships built in the different yards, and the cost per yard in the different yards? Is that what we are to take from that report?

Mr. STEWART: Mr. Chairman, is it not the case that Mr. McGregor can take out of the report this meaning; that we are now discussing the corporation, and the other matters to which he refers cannot be brought up while we are discussing War Assets, but there is nothing to preclude its being brought up at a later date.

Mr. MCGREGOR: I quite understand, in spite of what has been said here, the insinuations that have been made that I have been unfair to the witnesses and so on; I know just as well as any man around this table that the witness here present today has got nothing at all to do with the cost of these ships, no more than I have and probably not as much. But I do not want to be given a run around by someone coming back and saying that something was passed by the steering committee which eliminates that particular item for inquiry before the committee. I know very well that possibly the committee is very anxious, or some of the members are very anxious, that that particular point does not come up, for reasons that have been brought up in the House of Commons and made perfectly clear.

Mr. McILRAITH: That is imputing motives.



Mr. McGREGOR: I do not care what it is.

Mr. McILRAITH: If the honourable member says that he does not care whether he is imputing motives to members of this committee or not, then he is clearly out of order and I demand that he withdraw his statement.

Mr. McGREGOR: I have as much right to say that you are out of order as you have to say that I am out of order.

Mr. McILRAITH: I thought it would be sufficient to draw to his attention that he was imputing motives, and I drew it to his attention courteously. If he wants to have it the other way he can have it the other way right now.

Mr. McGREGOR: We can have it any way you like right now. Go as far as you like.

Mr. McILRAITH: As the honourable member knows he has no right whatever to impute motives. The steering committee made its report, and as he very well knows the steering committee includes a representative—

The VICE-CHAIRMAN: Two representatives.

Mr. McILRAITH: Two representatives of his own party, and it is their responsibility to decide what matters are to be taken up by the main committee so that we may proceed in an orderly fashion.

Mr. PROBE: Right. Let's stop acting like a bunch of kids.

Some Hon. MEMBERS: Hear, hear.

Mr. McILRAITH: They prepared a report along that line, and then one of the members, because the report does not meet his views, because he does not see eye to eye with other members of his own party, and because the steering committee apparently did not see fit to go off on the side track on which he wants to go off and examine into the operation of shipyards at this time; makes nasty insinuations and imputes motives to other members of the committee, surely, that is not proper procedure, and I would ask that the honourable member withdraw his statement.

Mr. McGREGOR: I refuse to withdraw; and I say to you, sir, that it is you who are imputing motives. I did not ask for this to be done at this particular time, and you cannot stand there and say that I did.

Mr. McILRAITH: My point is that when I made the interjection you specifically said that you did not care whether you were imputing motives or not.

Mr. McGREGOR: Is that so?

Mr. McILRAITH: That is on the record specifically.

Mr. McGREGOR: You haven't got very much say anyway.

Mr. PROBE: Would Mr. McGregor be satisfied at this time if the chair made a statement that while it is out of order to discuss ship costs and yards from which those ships came at this time, that the way is left open to bring that matter up later if Mr. McGregor so desires. We are behaving here like a bunch of kids instead of a bunch of business men.

Some Hon. MEMBERS: Hear, hear.

Mr. PROBE: I am getting fed up with the committee because of all the cheap wrangling that is going on. Everytime a statement is brought down all we hear is, why don't they bring this, why don't they bring that, and so on. Every day we have a row over something that does not amount to a snap of the fingers. People cannot help but think that we are acting like a bunch of children.

Some Hon. MEMBERS: Hear, hear.

The VICE-CHAIRMAN: In fairness to the committee I wish to repeat what I said a few moments ago, and this goes beyond what you have asked, Mr. Probe. Inquiries on any war expenditures are within the scope of this committee, including the cost of ships and of any other war equipment; but the

committee has decided on a certain line of procedure and we have to follow that line. At this time discussion on the cost of ships is out of order because we are now discussing War Assets Corporation activities, so any question that is not within the scope of the inquiry on War Assets Corporation is out of order. But any member who is interested in that question is at liberty to submit his request to the steering committee through the chairman, and his request will clearly be attended to.

Mr. MCGREGOR: I want to make it quite clear that the only thing to which I am objecting is anything which comes to us from the steering committee which excludes us later from going into certain items. Is there anything of that nature in this report?

The VICE-CHAIRMAN: Nothing at all.

Mr. MCGREGOR: Then, that is the end of it.

The VICE-CHAIRMAN: Now, gentlemen, we have a motion before the committee for the adoption of the report of the steering committee.

Mr. STEWART: I move that it be stood over until Tuesday and that copies of the report of the steering committee be placed in the hands of members before Tuesday.

Mr. GOLDING: I think that is fair.

The VICE-CHAIRMAN: As you seconded the motion, Mr. Stewart, it would be better if someone else moved the amendment.

Mr. STEWART: Mr. Probe can.

Mr. PROBE: I haven't seen it.

Mr. GOLDING: I suggest that the motion be withdrawn, or that the amendment be withdrawn, and that you let it stand over. I think that is agreeable to all.

Mr. MARQUIS: Okay.

The VICE-CHAIRMAN: It has been moved by Mr. Golding, seconded by Mr. Marquis, that the report of the steering committee stand over until Tuesday next, and that copies of the report be forwarded to each member of the committee.

Mr. PROBE: Mr. Chairman, I would like to make a very brief statement at this time.

The VICE-CHAIRMAN: Is it in connection with this report, Mr. Probe?

Mr. PROBE: No.

The VICE-CHAIRMAN: Would you wait a moment, please. We have received a letter from the deputy minister, Department of National Defence—Army. I will ask the clerk to read the letter to the committee.

The CLERK:

12 June, 1946.

DEAR SIR;—With reference to your letter of 8 May 1946 enclosing a marked copy of the committee's minutes of the proceedings and evidence and in regard to the remarks of Mr. Reid at pages 182 and 183, I have now received the report I requested.

The District Officer Commanding, Military District No. 11 advises that a very thorough investigation has been carried out concerning this matter. All NCOs concerned have been questioned and no army NCO can recall having talked to any civilian regarding Boundary Bay.

No disciplinary action has been taken against army personnel at any time arising out of visits by civilians to Boundary Bay.

Yours truly,

(Sgd) A. ROSS,  
Deputy Minister (Army)

R. ARSENAULT, Esq.,  
Clerk of the Committee,  
House of Commons, Canada,  
Ottawa, Ontario.

Mr. REID: Mr. Chairman, I am only rising on a point of information. I was perhaps remiss in my duties when I did not take down the name of the officer with whom I spoke. I suggest that the report itself is not very complimentary—in effect it says that they have no record of a member of parliament having spoken to any non commissioned officer because they cannot find any record of any non commissioned officer ever having spoken to a member of parliament. If they can't find him, of course, they cannot discipline him. However, the point in which I am particularly interested is that no disciplinary action has been taken against the man with whom I talked.

The VICE-CHAIRMAN: Are you satisfied to consider the incident closed?

Mr. REID: The incident is closed, but I am not satisfied.

The VICE-CHAIRMAN: I have received a letter from Mr. Harry R. Jackman, reading as follows:—

June 13/46.

PAUL COTE, Esq., M.P.

Acting Chairman

War Expenditures and Economies Committee.

DEAR MR. COTE,—Owing to the pressure of other committee work and to the impossibility of attending more than one committee sitting at the same time I am submitting my resignation as a member of the steering committee and would ask you to be good enough to accept it immediately.

Yours very sincerely,

(Sgd) HARRY R. JACKMAN.

The VICE-CHAIRMAN: What is your pleasure, gentlemen?

Mr. REID: I move that we accept the resignation as read; if the appointment is made through the committee, then I move that the resignation be accepted.

The VICE-CHAIRMAN: It is moved by Mr. Reid that we accept Mr. Jackman's resignation as a member of the steering committee. All those in favour? Carried.

Mr. MURPHY: Is it in order for this committee to suggest the name of a member to replace Mr. Jackman?

The VICE-CHAIRMAN: It is in order.

Mr. MURPHY: Then I move that Mr. McGregor replace Mr. Jackman on that committee.

The VICE-CHAIRMAN: It is moved by Mr. Murphy that Mr. McGregor replace Mr. Jackman on the steering committee. All those in favour? Carried, unanimously. Now, Mr. Probe?

Mr. PROBE: Mr. Chairman, I wish to make a brief statement dealing with the report of the subcommittee of Tuesday, June 4, 1946. This morning it was quite obvious that it was the intention of the committee to follow a definite line of procedure, of which the members, generally, would have some notice. Now, in the course of the meeting of Tuesday, June 4, it so happens that the two members for Saskatchewan, on that committee, were both unavoidably out of this committee. Mr. McCullough and myself were absent and at that time I believe the whole proceedings were certainly out of order with respect to the discussion of the Saskatchewan Reconstruction Corporation. I was amazed when I returned from my other engagement to find that the morning had been occupied largely by discussing matters concerning the Saskatchewan Reconstruction Corporation. Mr. Murphy and Mr. Golding were the chief offenders, but there were others as well.



After I got the gist of the discussion that took place, I telephoned to Mr. Sturdy, the Saskatchewan Minister of Reconstruction, to find out some form of rebuttal for the insinuations that were placed before this committee, improperly, I believe. Now, I would say that the Saskatchewan Reconstruction Corporation is a subsidiary of the Saskatchewan government, to buy what surplus materials it can from War Assets Corporation for the use of government departments, and that that has been its only function, with one exception. That one exception represents the case of a returned soldier who was unable to buy equipment himself for the purpose of setting himself up in a spray painting business, I believe it was; and the equipment for that purpose was obtained by the Saskatchewan Reconstruction Corporation through War Assets Corporation.

As I said, the whole proceedings were out of order and I want to make that statement at this time; and I would say to Mr. Golding, through you, Mr. Chairman, concerning his information with respect to the town of Assiniboia, which, by the way, is spelled A-s-s-i-n-i-b-o-i-a, the town's desiring to get pumping equipment resulting in difficulty with Moose Jaw, that that pumping equipment is still at No. 2 B.E.R.U., I think, and is still either in the hands of War Assets Corporation or in the hands of the air force itself. I think it was very unfair that Mr. Murphy and Mr. Golding unfortunately brought this matter up at a time when those of us from Saskatchewan were unable to be here to take part in the discussion.

Mr. GOLDING: Mr. Chairman, in answering my friend who, I notice, is in good humour and is good natured about the whole thing—

Mr. PROBE: Just this morning only?

Mr. GOLDING: I would just want to differ with him in one respect. We had a list of questions answered and a report was tabled here; and one of the reports which was tabled indicated the sale of tractors and so forth sold by the construction equipment section; and it was while going over that report that my friend, Mr. Murphy, noticed that a good many sales were made to the Saskatchewan Reconstruction Corporation at Regina.

Mr. PROBE: Certainly, the Saskatchewan Reconstruction Corporation bought tractors. I am talking about your assertion with respect to pumping equipment. The Saskatchewan Reconstruction Corporation bought as many tractors as it could get its hands on, some eighteen or nineteen, for the Department of Highways and Natural Resources in Saskatchewan.

Mr. GOLDING: The report that was tabled here, in answer to the question asked, was before the committee so I did not consider it to be out of order for the members to begin to ask questions about that particular report, which is what Mr. Murphy did. I think he was quite in order in doing so, when the report was tabled; and in looking over the report as we have repeatedly done. Now then, as far as I am concerned, myself, with respect to the town of Assiniboia, I quite admit that according to the answer given here by my friend Mr. McIlraith, that I was wrong. But the statement was made. There was a statement made in the House which aroused my suspicion and curiosity, when the statement was made.

Mr. PROBE: I was involved in the statement; that is right.

Mr. GOLDING: And I just wanted to follow that through; and if you notice what I said, I would like to get the report. My last words were: "I would like if possible to get the whole story of this pumping equipment." Before we leave the question, I think we probably have the answer in the House of Commons and I have got it here; and that was in Moose Jaw; but it did look to me at the time, and it was the only reason I made the remarks I did, it looked peculiar to me to see a pumping station right at one particular place where it was needed

to be bought and shipped to some other place. I was suspicious that War Assets itself was getting the blame for that, so we did want to put what blame there was in the right place.

Mr. PROBE: As far as I am concerned, I am quite prepared to have the incident closed; but I simply wanted to state that I did not think the Saskatchewan government or its policy was under discussion here.

The VICE-CHAIRMAN: On that point, Mr. Probe, I do not like, myself, your statement that the proceedings at that meeting of June 4 were out of order. I happened to be the acting chairman at that time and it reflects on me.

Mr. PROBE: I bow most gracefully, sir.

The VICE-CHAIRMAN: As mentioned by Mr. Golding, the name of the Saskatchewan Reconstruction Corporation appeared nineteen times in the report which was tabled by the witness, so it was quite in order to discuss that body at that time.

Mr. MURPHY: You have stolen a little bit of the echo of the thunder I heard. I did refer to the \$4,000 questionnaire prior to that particular meeting. Inasmuch as he was not here, although he did have a cohort here at the time, but whether he came from Saskatchewan or not I do not know, but, coming from some other province and noticing that the Saskatchewan Reconstruction Corporation got some twenty odd of those tractors—there are some twenty odd listed here as going to Saskatchewan—of course it may be that their free enterprise and ideas should be revealed in order that we people, who are not able to get such an allotment as they are getting, might receive some ideas as to how to get them.

Mr. PROBE: I am sure this is not apropos, but at the same time, the government of Saskatchewan or the Saskatchewan citizens generally have had, according to my understanding, approximately 1/300th of the equipment thus far disposed of by War Assets Corporation. Now, 1/300ths is a very small percentage, of what on a population percentage, if nothing else, it is entitled to have.

Mr. MURPHY: I was anxious that the member of this committee who did ask these questions should get a proper interpretation of those questions at that particular meeting, inasmuch as one question he did ask was not properly answered.

Mr. REID: Arising out of the matter introduced by Mr. Probe, it might be appropriate for me to suggest that I think it is time this committee dealt with the priority policy of War Assets Corporation. War Assets Corporation has hundreds of millions of dollars worth of supplies on hand, and this committee should be interested in the disposal of those supplies to the public as speedily as possible. The provincial government should be given priority after the main departments have been seen to, and following that municipal bodies and then educational bodies. Now, there seems to be a bottle-neck somewhere, and I am seeking information as to what is being done by War Assets Corporation and what is being done by the provincial governments. I think this should be said with reference to the Saskatchewan government: the Saskatchewan government has probably done a little better than any other provincial government inasmuch as they have set up a body to deal directly with War Assets Corporation, something which the other provincial governments have not done. So, if the other provincial governments have not set up such a body to deal with War Assets Corporation directly, and if the other provincial governments have no money to buy materials, why should we stall and thereby deprive the public from buying things that they urgently need. For example, in British Columbia they have 7,500 servicemen and they cannot get desks and chairs for them. Now, why cannot the University of British Columbia buy these supplies? I think we were set up just to look into these very matters and I think we should discuss the policy of War Assets Corporation towards the provincial governments. If



we find that they are stalling, then let us wipe them out and get at the goods. I want a statement about that, and I also want a statement about Boundary Bay, where there were thousands and thousands of dollars worth of material piled up. If they are being blocked, I think this committee should spend a good deal of time in finding out the policy of the War Assets Corporation, and where the block is, and if there be a block, let us change that policy.

The VICE-CHAIRMAN: Your point is noted, Mr. Reid, and will be brought to the attention of the steering committee. I would remind the committee that we have, in our third report to the House, made a recommendation to the House concerning priorities, which reads as follows:—

From the evidence thus far received by your committee in relation to its inquiry into the disposal of surplus war assets, it would seem that the disposal of surplus material could be effected with greater expedition by revising the present method of granting priorities in so far as the time element is concerned. Your committee, therefore, recommends that in respect of priorities granted to federal, provincial and municipal governments, the thirty-day period now in effect, be reduced to ten days.

Your point, Mr. Reid, will be studied again in the light of what you have said.

Mr. PROBE: Mr. Chairman, with respect to the policy of War Assets Corporation, we have had a very clear enunciation of what the policy is. The fact is that exceptions are made here and there and I think it is due to those exceptions that many of these difficulties arise. Mr. Golding was partly right when he referred to the town of Assiniboia. They did have some difficulty with respect to A.R.P. equipment, a fire engine. According to the policy laid down by War Assets Corporation, the community where this fire engine, and all A.R.P. equipment was located, was to have the first priority, automatically. So the fire engine should have gone to the town of Assiniboia, and why the town did not get its fire engine I do not know. That is something which the War Assets Corporation officials should be able to explain. They have a policy which, as they see it, is an excellent one, but not as I see it. And the same is true with respect to priorities. They are more or less automatic with respect to F.W.D's, as Mr. Murphy has put it. Their priorities exist and the manufacturer had first cut at it, and he took it even though he sold the material to the provincial governments.

Mr. REID: Certain provincial governments have secured materials from War Assets Corporation which they were not going to use themselves as provincial governments, but which, in certain cases, they sold to communities at a certain price.

The VICE-CHAIRMAN: On this point I cannot allow any discussion. If you have a statement to make, Mr. Reid, to be drawn to the attention of the steering committee, it is all very well, it is in order; but no discussion will be allowed. We have to follow the order of the day.

Mr. REID: Is there anything in the agreement between the provincial governments and War Assets Corporation regarding the further disposal of materials secured by provincial governments? That question would be surely in order. I cannot be out of order in asking that question. Is there anything restrictive in the agreement when materials are sold to provincial governments or to municipal bodies? Are there any restrictions in the sale?

The VICE-CHAIRMAN: This point has been discussed already, Mr. Reid.

Mr. LALONDE: This is the sort of thing that I do not like to have brought up in this committee. I have always objected to incomplete charges being made here. We have adopted a line of procedure to the effect that our committee should not be the spring-board for unfounded charges. I would appreciate it if Mr. Reid should bring before the steering committee a substantial charge



against a certain provincial government that might have bought materials from War Assets Corporation for their own use and then resold them to some other parties. I would be very glad, because the thing might happen in my own province. I do not know; I am not laying a specific charge. But the way we are proceeding now, we are putting our people under the impression that War Assets Corporation are doing things that should not have been done. The press is here and reports go out to the general public of shadowy charges against somebody whose name we do not know. That is not the proper way to handle the work of this committee. I would second any motion, if Mr. Reid has the courage to stand up and state exactly the charges he has in mind, the people concerned, and the name of the provincial government that has acted so. Otherwise, we are lagging behind our program and I do not know if we will make it a very comprehensive and useful study of the whole question. That is my point.

The VICE-CHAIRMAN: I cannot let this matter develop into an irregular debate. I would point out to Mr. Reid that his point has already been discussed in the committee here, and I would ask him to get in touch with the clerk of the committee for the reference in the proceedings.

Mr. McILRAITH: It is on page 608 of the evidence.

Mr. REID: In regard to the procedure for the sale of goods, that is not asking for information.

Mr. McILRAITH: It is answered at page 608, in reply to a question asked by Mr. Benidickson.

Mr. GOLDING: Just before you close that, for the benefit of Mr. Reid who was not at the meeting when the matter was discussed, you will find, at page 609, where Mr. Berry, president of War Assets Corporation stated in answer to a question asked him by Mr. Murphy:—

A. I may say, Mr. Chairman, as to that ruling; "for their own use", that priority holders could exercise their priority only with respect to materials and equipment required for their own use; was made quite recently.

The VICE-CHAIRMAN: The discussion is with respect to a statement which has been filed by the witness, relating to War Assets Corporation's operations in the disposal of marine craft.

Mr. McILRAITH: I had some further information to give.

The VICE-CHAIRMAN: Mr. McLraith has, I think, a few answers in this regard, to give to the committee.

Mr. McILRAITH: During the last sittings of the committee, Mr. Homuth asked for certain supplementary information. One of the questions he asked for was a breakdown in round figures of the \$858,000 shown as expenses for the *Parkdale Park*.

That breakdown is as follows:

Repairs .....	\$ 58,500
Wages .....	189,000
Fuel .....	118,000
Provisions .....	24,500
Supplies and equipment .....	29,500
Other voyage expenses .....	13,000
Cargo expenses .....	310,000
Port expenses .....	44,500
Commissions .....	71,000

Then he asked a further supplementary question as to whether or not wages included a bonus for merchant seamen:

Wages paid Park crews include bonus of \$44.50 per month for every man aboard except master and chief engineer who received 25 per cent of their basic pay.

We understand he made a further reference about the comparative situation in Great Britain and the United States. I cannot answer for them, but I do understand that Great Britain paid similar bonuses, and that the United States paid slightly larger bonuses. But the bonuses I refer to here are exclusive of any bonus that may have been paid by the director of merchant seamen. The bonus here referred to is included in the item of wages.

Mr. STEWART: What is meant, or included in the amount of \$310,000 for cargo expenses?

Mr. McILRAITH: I can probably give you a bit of an idea, although I am not qualified to break it down in detail. It would mean the cost of loading, stevedoring, and discharge of the ships.

Mr. MURPHY: What would be meant by the item of commissions, \$71,000?

Mr. McILRAITH: In a substantial part, operating commissions and any other commissions that would have to be paid on the cargo handling. These ships are operated under a management agreement; I do not know to what extent I could break down the item of commissions; it is provided for in the management agreement. Perhaps I might put the management agreement right on record. It is a standard management agreement. That is probably the best way of answering your question. It is not necessary for me to read it.

(Copy of Management Agreement appears as Appendix A to this day's minutes of evidence).

Now then, there was a reference to the sales formula used in connection with these boats. That sales formula has already been discussed in the House last November, and it is a sales formula developed and in operation since last November and is covered by an order in council P.C. 554 dated 15th February, 1946. It sets out the exact formula at some length. If the committee wishes, I could also put that order in council in the evidence.

Mr. STEWART: I think it should be put in the evidence.

Mr. McILRAITH: The order in council reads as follows:

P.C. 554

PRIVY COUNCIL

CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

FRIDAY, the 15th day of February, 1946.

PRESENT:

HIS EXCELLENCY,

THE GOVERNOR GENERAL IN COUNCIL:

Whereas from time to time during the war, the Governor in Council has authorized the construction in Canada of cargo vessels which have been registered in the name of His Majesty and have been operated by Park Steamship Company Limited (a Government-owned company) through recognized shipping companies as managers in accordance with the United Maritime Authority Control;

And Whereas at the present time the Park Steamship Company Limited fleet consists of 110 10,000-ton cargo vessels and 23 4,700-ton cargo vessels, which vessels or a substantial number thereof will be surplus to the requirements of the Canadian Government;

And Whereas it is deemed to be in the public interest that as many as possible of the said vessels be sold to Canadian ship operators or bare-boat chartered to such operators;

And Whereas it is proposed that the said cargo vessels be sold to Canadian ship operators at the following prices on the following terms:

*10,000-ton Vessels*

(a) <i>Canadian</i> (Scotch Boilers—Oil Burners).....	\$625,000
(b) <i>Victory</i> (Water Tube Boilers—Oil Burners).....	600,000
(c) <i>North Sand</i> (Scotch Boilers—Coal Burners).....	575,000

Reduction \$25,000 per vessel up to three.

Floor price—(a) \$575,000 (b) \$550,000 (c) \$525,000.

Depreciation 5 per cent ordinary and 3 per cent special (war) depreciation on asking price up to 2nd March, 1946; thereafter at 6 per cent.

*4,700-ton Vessels*

(a) Tween deck type .....	\$475,000
(b) Improved type .....	450,000
(c) Original type .....	425,000

Reduction \$15,000 per vessel up to three.

Floor price—(a) \$445,000 (b) \$420,000 (c) \$395,000.

Depreciation 5 per cent ordinary depreciation plus 3 per cent special (war) depreciation on asking price, up to March 2, 1946; 6 per cent thereafter.

*Terms of Payment:*

Cash or

—10 per cent on signing contract

—15 per cent on delivery

—Balance—75 per cent in seven equal annual instalments with a provision for further delay in the event that the earnings of the Company in any year are not sufficient to cover the instalment falling due in the next year; minimum payment \$25,000 per annum.

—Amount outstanding to bear interest at 3½ per cent per annum.

—Buyer to have option to pay balance at any time without prejudice or penalty.

The buyer will be required to enter into a standard form of contract of sale, which contract amongst other things contains a provision that the ships must remain under Canadian registry and that no application for transfer out of Canadian registry shall be made without the prior written approval of the government. The contract also contains the provision that if any of the types of vessels covered by the agreement of sale are sold by the government within two years from March 2, 1946, at lower prices than those given to the purchaser, the latter shall be entitled to receive the benefit of such lower prices;

Each purchaser shall be given the opportunity of bare-boat chartering not more than two vessels for each vessel purchased, the charter hire to be 12½ per cent per annum of the single unit valuation as set out above of the respective type of ship chartered. In addition, the charterer shall maintain the vessel in good running order and condition and shall obtain and maintain insurance covering protection and indemnity, hull liability, salvage and ship's proportion of General Average and a Special Liability policy in a form approved by the government.

And whereas it is further proposed that all such sales will be made by War Assets Corporation and all such charter parties will be made by Park Steamship Company Limited.



Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Reconstruction and Supply, and pursuant to the provisions of the Surplus Crown Assets Act, the War Expenditure and Demobilization Appropriation Act Number 2, 1945, and other powers in that behalf, is pleased to approve and doth hereby approve of the sale of bare-boat chartering of cargo vessels to Canadian ship operators on the foregoing terms and such other terms and conditions not inconsistent therewith as the Minister of Reconstruction and Supply may consider necessary and advisable.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

The Honourable  
the Minister of Reconstruction and Supply.

I think that pretty well completes the evidence I was asked to bring before the committee the other day. I do not know to what extent the committee is interested in the background of the sales formula. It was explained in the House of Commons last November when the whole question of the sale of such ships arose. It was a matter of trying to get the best opinion available as to what disposal should be made of those ships. A canvass was made of all the Canadian operators and so on, and an examination was made of what was being done in the United States and Great Britain in that connection. It is rather interesting that at the time the best evidence we could get as to the disposal of those ships was that we could probably sell about sixty of them. Actually, the fact is that we have not only sold sixty, but when the sales are finally completed that are not now in course of completion, we have sold them all. The price formula compares favourably with that in both of the other countries, even perhaps slightly higher. It is difficult to compare them because the ships are not exactly standard. Are there any more questions to complete what I was saying the other day? I think that pretty well covers anything that was outstanding.

The VICE-CHAIRMAN: Are there any other questions, gentlemen?

**Mr. J. H. Berry, President, War Assets Corporation, recalled:**

The WITNESS: I still have a series of outstanding questions to which I have not yet been able to provide the answers; I do hope to have them for next week.

Mr. PROBE: I wish to submit a number of questions to Mr. Berry on the 18-ft. R.C.A.F. tender, No. M319.

Mr. McILRAITH: Where is that referred to in the evidence?

Mr. PROBE: It is not included in the list of boats that was given to the committee; but there are boats of that type referred to, and I have a letter of complaint respecting the sale of that vessel. I would like to ask Mr. Berry who tendered on these boats, and the amount of the tenders?

The WITNESS: Could I interject a minute? When you say: who tendered on these boats. . . . . ?

*By Mr. Probe:*

Q. I should say, rather this boat?—A. Thank you.

Q. What was the amount of each tender, and to whom was the boat sold; and if it was not sold at the highest tendered figure, what specific reason was given for the sale to that firm or individual as the case may be?—A. I would be glad to get that, Mr. Chairman.

The VICE-CHAIRMAN: Are there any further questions? The discussion is now closed, gentlemen, on this particular matter of the sale of ships, with the exception of what the witness may have to submit in the way of answers to questions which have already been asked.

Mr. MURPHY: There was a question, Mr. Chairman, at the last or a previous meeting, that we have on record tenders for these ships, as I understand it. Have you that here, that list in question, Mr. Berry? Any ships being sold, where you had more than one tender, you were to give us information as to what the other tenders were. That covers pretty well the specific question which Mr. Probe just asked with respect to one ship?

The WITNESS: I do not think I have a record of that question having been asked, not in my papers here. I will have the minutes examined, but I have no recollection of any such question. It may be in the minutes. I would point out again that if I am required to go through all the list of ships and examine all the tenders submitted on every individual ship in the list that it is not going to be a four thousand dollar question, it is going to be considerably more.

The VICE-CHAIRMAN: I have noted here, for your information, Mr. Murphy, a request by you for bids on ships sold on the recommendation of the department. And now, it has been asked on that point by the witness whether you are referring to real estate. Mr. Berry has denied having stated that ships were sold on the recommendation of the department.

Mr. MURPHY: No. I am glad you have brought that up, Mr. Chairman; it was referring specifically to the Park Steamship boats. That was the evidence.

Mr. McILRAITH: They were sold under an agency agreement.

Mr. MURPHY: Which ones.

Mr. McILRAITH: The Park Steamships.

Mr. MURPHY: He devoted his answers to these ships only and not to the other ships.

Mr. REID: I do not know whether Mr. Berry gave a complete answer to the question which I asked the last time I was here.

The VICE-CHAIRMAN: Before you proceed, please.

The WITNESS: Might I correct myself? I find I have a record of the question asked by Mr. Murphy, which says, may we have a list of the bids received for each vessel included in appendix 2 to Mr. Berry's report on the sale of ships, including (a) the name of the boat—then (b) and (c). Gentlemen, I submit with all deference to the committee that that is not an impossible question but a question that will cost thousands of dollars to answer. I can provide specific information reasonably in relation to one item, but if I have to go through all our files and find the bids received and make notations from each individual file on every ship that I have listed here, then I am going to have to spend a considerable amount of public money in getting the information. I thought I must again bring that to the attention of the committee. I hope there is no offence. That is not the only question that will cost thousands of dollars to answer, Mr. Chairman.

Mr. BRADETTE: There will not be much economy in that.

The VICE-CHAIRMAN: In cases like that, gentlemen, I would ask the honourable member to redraft his question in such form as to reduce it to the specific object he has in mind. Then, when the answer is provided for the question as redrafted, it will be quite in order for him to ask for supplementary information if it is needed.

We suggest that Mr. Murphy reconsider his question and redraft it.

Mr. MURPHY: I beg your pardon?

The VICE-CHAIRMAN: I do suggest that you reconsider your question and redraft it in such a way as would make it more definite and more specific than it is just now.

Mr. MURPHY: There are apparently two questions there. I thought I had asked that one, about the various bids on these ships, those referred to by Mr. McLraith, sold by Park Steamships.

Mr. McLRAITH: I think Mr. Berry's answer will be found on page 675 of the evidence. He says, answering Mr. Murphy's question:—

If I might interject, Mr. Chairman, I do not think that I made any statement that they were sold on the recommendation of the department; neither do I have any record of having been asked for what bids were put in.

Mr. MURPHY: But you will recall that during his examination that Mr. Smith asked about when he had accepted the recommendation of the department with respect to ships.

Mr. McLRAITH: That is the point which is denied here.

Mr. MURPHY: He didn't deny recommendations with respect to Park Steamship boats.

Mr. McLRAITH: As I recall it, Mr. Smith's whole questioning on that point was related to the real estate brief, not when we were discussing ships at all.

Mr. MURPHY: At the former sitting of the committee, in his first examination of Mr. Berry, Mr. Smith did refer to real estate; but the point I am making is that Mr. Smith was here and he was asking Mr. Berry the same questions on ships, and he definitely admitted that he accepted the recommendation of the department in the sale of ships. Then he left and I followed it up later on with some other questions when I referred to Park Steamships.

Mr. McLRAITH: Might I draw your attention to the fact that on page 676, that is the proceedings of the same day, I do not see any record of Mr. Smith having asked any questions at all. Mr. Berry has made a denial there. If there is something else in the evidence we will try to find it, and if we are able to find it we will endeavour to prepare an answer.

Mr. MURPHY: I will be very glad to find it, the very questions Mr. Smith asked.

Mr. REID: If Mr. Murphy is through for the moment.

The VICE-CHAIRMAN: Just a moment please, Mr. Reid. Have you made any decision concerning your question, Mr. Murphy?

Mr. MURPHY: I wonder if we can frame a question that will be reasonable to answer?

The VICE-CHAIRMAN: I will tell you why I ask that. As your question stands now I would declare it out of order, this being a committee on war expenditures and economies. Unless you have a specific charge or special reasons for putting your questions in such a general way, involving such a tremendous amount of work and expenditure to the country, I have to declare it out of order.

Mr. MURPHY: Well, let us have the questions which Mr. Berry thought he could answer much more readily, the ones respecting those ships sold on the recommendation of the department. That would not involve so much work, if I understand what he said.

The WITNESS: The ships were sold under the terms of the agreement made in accordance with the order in council. I submit that if there were any made on the recommendation of the department I know of no such recommendations.



Mr. MURPHY: Well then, Mr. Chairman, I will be glad to redraft the question limiting its scope, probably by fixing a minimum limit so as to eliminate the inquiry into vessels or ships under a certain value.

The VICE-CHAIRMAN: You are redrafting it in the light of the statement Mr. Berry has made in that regard?

Mr. MURPHY: Yes.

The VICE-CHAIRMAN: Are there any other questions?

Mr. REID: My question was about representations that have been made to me regarding tenders submitted on ships. I do not know whether Mr. Berry made it clear to me the last time this matter came up, as to why fishing vessels on the Pacific coast were sold in Montreal, why the tenders had to go to Montreal, and why the tugboat tenders had to go to Calgary. There are no ships in Calgary at all. The question arises, why that policy; why a policy that tugboat tenders would have to go to Calgary and ships to Montreal, even when they are on the Pacific coast, fish boats—all those tenders had to go to Montreal.

The WITNESS: I believe I can answer that question, Mr. Chairman.

The VICE-CHAIRMAN: Yes?

The WITNESS: By stating, to the best of my knowledge, that the Calgary office is used for documentation purposes for sales made in the region under the jurisdiction of the Calgary office.

*By Mr. Reid:*

Q. Why would tugboats bids have to go to Calgary? Are there any tugs used near Calgary?—A. No, there is no use for them near the Calgary office, it is purely a question of convenience in documentation for the Corporation.

Q. These tugs were on the Pacific or the Atlantic, why would the tenders have to go to Montreal?—A. I would say it was a matter of administration.

Q. There are no tugboats used on the prairies, I mean on any of the big lakes there?—A. I stand to correct myself at a later date, Mr. Reid, but I would say all those tenders were passed on by Montreal and were later sent to the Calgary office for documentation purposes rather than have them all documented in Montreal. We are now following a policy of decentralization to try to stop some of the original bottleneck that developed in Montreal. We are trying to switch as much of it out on to the prairies as we can.

Mr. REID: I will have to take it at that. I don't just understand it, however. It may be a matter of policy but I must confess that I do not quite follow you.

Mr. MURPHY: Mr. Chairman, if the committee will refer to page 643, there at the top of the page you will find:—

Q. Would you turn to page 8 under appointment. I see the words:—

Provided that all sales shall be subject to prior approval of the Minister of Reconstruction and Supply and/or this corporation.

Turning to the next page at the top of the page I see these words:—

Unless otherwise directed by this corporation, every contract of sale shall be expressed to be subject to approval by order in council.

Then, Mr. Smith's question:—

Q. What I have in mind is this. Is this a fair statement to make, that the Minister of Reconstruction and Supply has the final word with respect to purchaser and price in the disposal of these vessels?—A. Yes, that is correct. War Assets Corporation reports to the Minister of Reconstruction and Supply, so he must have the final word.

The VICE-CHAIRMAN: Is the whole of that statement extracted from page 643?

Mr. MURPHY: Yes, page 643, at the top of the page.

Mr. McILRAITH: The item which Mr. Murphy read, at the top of page 643, refers to page 8 under appointment. And now, I have not the mimeograph of that brief here—perhaps if any of the members have it we could trace it right down. I am rather under the impression that page 8 will refer to the appointment of Park Steamships as agents.

Mr. MURPHY: If you would refer to page 642, Mr. McIlraith, down near the bottom of that page, you will see Mr. Smith's first question.

Mr. McILRAITH: Yes, and then you go on to paragraph 8, and he refers in any event to the agency appointment. If we could find that page 8, I think we could trace it right down. Page 8 of the mimeographed brief reads this way:—

Appendix 2 covers sales made by Park Steamships Co. Limited who are operating as agents for War Assets Corporation in accordance with the following appointment:

And then it goes on and quotes the appointment. I have it right here. Just a moment. I will read paragraph 1.

1. Appointment.

Your company shall act as an agent of this corporation to negotiate and complete the sale and transfer of 10,000 ton and 4,700 ton cargo vessels and 3,600 ton tankers in possession of or under the control of your company and which shall have been declared surplus under the provisions of the Surplus Crown Assets Act, provided that all sales shall be subject to prior approval of the Minister of Reconstruction and Supply and/or this corporation.

And then this morning I tabled Order in Council 554 which specifically covers that formula for the sales, and the approval and so on. This general Order in Council follows that up and covers precisely the point raised. It sets out the general procedure, this is the one of which I spoke earlier in the evidence to-day. It is numbered 554, and it is dated the 15th of February, 1946, and covers the formula first developed about the 1st of November, 1945—from that time forward on cargo ships, and all those sold by Park Steamships were sold under this formula, there are no others.

Mr. PROBE: Would the formula apply to foreign buyers the same as it does to Canadians?

Mr. McILRAITH: I think these sales were to Canadian ship operators only.

The VICE-CHAIRMAN: Is your point cleared up.

Mr. McILRAITH: The recital says, in any event—

And whereas it is deemed to be in the public interest that as many as possible of the said vessels be sold to Canadian ship operators or bare boat chartered to such operators;

Provision was made for sale to Canadian operators.

The VICE-CHAIRMAN: Mr. Murphy, is your point cleared up now?

Mr. MURPHY: I am satisfied for the moment.

The VICE-CHAIRMAN: Are there any other questions?

Mr. PROBE: The Order in Council does not mean very much; as many as possible be sold to Canadian registry.

Mr. McILRAITH: That is not how I read that recital because it goes on:—

And whereas it is proposed that the said cargo vessels be sold to Canadian ship operators at the following prices and on the following terms;

As I stated the other day, most of the sales have been completed already, and the details of sales supports what is stated here as far as they possibly can, I think.

Mr. PROBE: But you sold eleven of the Park boats to a New York firm, did you not?

Mr. McILRAITH: At the start, yes. Those, by the way, were not in Canadian waters, however. Those ships were, at the time at which you speak, not being operated by Park. If you go through the whole picture I think you will find it worked out very well.

The VICE-CHAIRMAN: This concludes our discussion on the sale of ships. Now, the next order.

Mr. MCGREGOR: Before you close the discussion on the sale of ships, when we get a report on the cost of these ships does that mean to say that we cannot make any comparison between the selling price and the cost of the ships under this program?

The VICE-CHAIRMAN: No discussion on shipbuilding will be allowed until we have exhausted the order of procedure.

Mr. MCGREGOR: That is not the point I am making at all. I am just asking you, when we get the report on the ships will we then be allowed to discuss the price of those ships and the price at which they were sold at that time?

The VICE-CHAIRMAN: Not unless the committee is unanimous about resuming the discussion at that point.

Mr. PROBE: The selling price—he is not discussing cost; the selling price I would say would be quite in order because it deals with War Assets policy.

The VICE-CHAIRMAN: That is in order now, but after the discussion has been closed on that subject, would it be in order again; is that the point?

Mr. SHAW: If certain answers are brought down at a later date relating to the price of ships, I would presume that it would be quite in order for the committee to have a discussion with respect to that information.

The VICE-CHAIRMAN: Yes, but the whole debate must not be reopened on the basis of the answer that is filed.

Mr. SHAW: Of course, it can be truly said that we cannot complete the discussion of ships until we have the answers to all the questions. I do not see how you are going to limit it, Mr. Chairman.

The VICE-CHAIRMAN: The chairman will see that the utmost latitude is given in the circumstances.

Mr. MCGREGOR: I think it should be clearly understood, Mr. Chairman, before we pass on from this that when we have the final report on the cost of these ships that any member of this committee can go into it and see why ships costing let us say \$10,000 were sold for so much money. We have the selling price, and we are to get the cost. I think that point should be made quite clear before we go any further.

The VICE-CHAIRMAN: I get your point.

Mr. MURPHY: I support Mr. McGregor on that.

The VICE-CHAIRMAN: We are on the statement which has been filed by the witness, Mr. Berry, on Friday, May 31st, with regard to the disposal of certain lands and buildings.

Mr. McILRAITH: I think we had better have this cleared up before we go into the matter of buildings, so far as the difference between the cost and the selling prices of these cargo vessels. There is no question about it. We are getting the best prices in the world. I made reference to it the other day.



The VICE-CHAIRMAN: If you will allow me, there is a report forthcoming for the committee, and for Mr. McGregor more particularly, on the cost of certain ships. I would suggest that we wait until that report is received before taking the matter up.

Mr. McILRAITH: Most of the information has already been given.

The VICE-CHAIRMAN: Have you some more information?

Mr. McILRAITH: It has all been given on the Park. I gave it the other day. It is all set out. There are only three types of ships and three classes in each type. That is in the material I tabled the other day and it is in the evidence.

Mr. MCGREGOR: I do not think we have that evidence yet.

Mr. McILRAITH: Yes, I put it all in the other day. It is all here.

Mr. MCGREGOR: What is the number of that report?

Mr. McILRAITH: Twenty-one.

Mr. MCGREGOR: When did that come?

Mr. McILRAITH: That covers our last meeting. The information on the corvettes will be found at page 672, and for the cargo vessels on page 673. That does not cover the other types of naval vessels.

Mr. MCGREGOR: What I cannot just understand is that, here now we have this handed to us now at this very moment. This is put into my hand and you expect me to say something intelligent on it when it has just come to me. I would just like to ask any man here how that can be done.

Mr. McILRAITH: All that I put into Mr. McGregor's hand now is what transpired at our last meeting. It covers the subject matter dealt with at our meeting on Tuesday last.

Mr. MCGREGOR: Right.

Mr. McILRAITH: Unfortunately, I did not have an opportunity of revising *Hansard*, but he did have the benefit of listening to it all.

Mr. MCGREGOR: I maintain, Mr. Chairman, that these minutes of these committees should be speeded up a little bit so we can at least have the benefit of it at the next meeting. The printing of the minutes should be speeded up. I do not know of any reason why we cannot have them printed so that we can have them here and see what went on at the last meeting, then there would not be so much confusion as to what had happened and what had not happened, and so on, we would have it here on the record.

The VICE-CHAIRMAN: On that point, Mr. McGregor, you are receiving this morning the report of the evidence taken at the last meeting, which was on June 11th, and I consider that good service from the King's Printer.

Mr. MCGREGOR: But it is just at this very moment that I received it, and I did not even know it was printed until this very moment. And now, this list of ships—what page is that on?

Mr. McILRAITH: One of the lists starts on page 672, and the other will be found on page 673. On page 672 you will find the list of corvettes, and over on page 673 you will find the cargo vessels.

Mr. MCGREGOR: Of course, what I have been asking for is the list by yards. It is all very fine to take all these boats and list all these boats and fix them all up. They have got them all put together for each yard—they have a separate record for each yard in the department—and I can quite understand that it is quite all right for them to take them and scramble them all up so we have to unscramble them again. As long as that kind of procedure keeps going on, it is quite all right with me, but before this thing is over we are going to have it unscrambled.

Mr. McILRAITH: I am heartily in accord with Mr. McGregor in his desire to unscramble what has been scrambled—whatever he means by that, I am not quite sure. I tried to explain to the committee exactly what costs on ships I could get. I got the Park fleet cost of ships and put it on the record. I got the cost of the corvettes wherever it was available—the corvettes are on an individual basis. Then I got the average cost on the fairmiles. The records are not kept in the way in which Mr. McGregor suggests. If he wants to go into the ship-building program, as I have said repeatedly and continuously here, and find out what each yard built and what its operating costs were, and the results of that, I am perfectly happy to have that done. But I want to point out to him that in doing that we would be getting away from the subject we are now on, the sale of these ships; and it is going to take a few days at least to get that evidence forward. I simply haven't got it available in the department in the form in which he says he wants it. Whether it can be brought forward immediately,—if he wants to go into it, as I said I will be perfectly happy, as I have said on each occasion on which I have spoken to the committee on that point. But to keep on throwing out the suggestion that it is all there, and that I can go ahead and get it all very quickly and easily, is not just in accordance with the facts. There is nothing more that I can say than that. He will have to take my word for it, and if he does not choose to take my word for it, well, there is nothing more I can do about it.

The VICE-CHAIRMAN: Let us proceed with the next order, Mr. McGregor, with the understanding that any unfinished matter will be allowed to be concluded when the answers reach the committee at a future meeting.

Mr. MCGREGOR: Mr. McIlraith insinuates that I am out of order in that I am talking about the cost of ships when we are discussing the sale price of ships.

Mr. McILRAITH: No, no, you are quite in order to talk about the cost of ships. What you are seeking to talk about is the cost of the operation of the yards, a comparison between the yards. And now, that information is not available in the disposal agency. Now, if you want to take up other matters, we will have to take them up. There is no objection at all to that. I am merely trying to point out to you that the disposal agency would not be able to give you that information.

Mr. MCGREGOR: Did I ever say that it was?

Mr. McILRAITH: I understood you did, just by reason of your having said that.

Mr. MCGREGOR: Now, I do not think that I ever said that it was. I think I made it quite clear to-day that Mr. Berry knew nothing about the cost of these ships. I have made that clear dozens of times.

The VICE-CHAIRMAN: The record will speak for itself, Mr. McGregor. Now, we are on the statement made by Mr. Berry on the disposal of certain lands and buildings, and exclusively on the appendix filed with regard to the disposal of lands and buildings which were sold at a level lower than fifty per cent of their original cost. That material will be found at pages 581 to 593 of the minutes of proceedings and evidence of May 31. And, I might add that this level of fifty per cent was chosen at the request of a member of the committee. By the way, did you receive the list of questions Mr. Stewart was going to submit to you, Mr. Berry?

The WITNESS: Mr. Stewart advised me this morning that they were on the way over to me, Mr. Chairman; I have not yet received them.

Mr. MCGREGOR: I wonder if I might ask a question? Is this a complete list of the corvettes?

Mr. McILRAITH: Let us see what I said—what page is that?

The VICE-CHAIRMAN: Gentlemen, this is out of order, but while members are perusing the appendix on the disposal of lands and buildings and preparing for a discussion on it, I will allow a few remarks.

Mr. McILRAITH: The answer is to be found right in the report:—

I am not able to say whether it covers every one of them or not. That is the answer.

Mr. McGREGOR: You are not sure whether it covers them all or not?

Mr. McILRAITH: No, it was the list I had available, and it was made up as stated, here.

The VICE-CHAIRMAN: I have to point out to you that we lack a quorum. Is it your wish that we should adjourn and take this matter up at our next meeting?

Mr. McCULLOUGH: I think probably it would be a good idea, Mr. Chairman. I know that Mr. Stewart has some questions he wanted to put.

Mr. GOLDING: I think Mr. Probe is going to get him.

The committee adjourned at 12.40 o'clock p.m. to meet again on Tuesday next, June 18, 1946, at 11.00 o'clock a.m.



## APPENDIX A

## PARK STEAMSHIP COMPANY LIMITED

---

MANAGEMENT AGREEMENT

---



---

STEAMSHIP:

---

Memorandum of Agreement made and entered into at the City of Montreal,  
P.Q. as of the day of 194 ,  
By and Between:

(hereinafter referred to as the "Managers"),  
Party of the First Part:

And

Park Steamship Company Limited, a body politic and corporate, duly incorporated and having its head office in the City of Montreal, P.Q. (hereinafter referred to as the "Company"),

Party of the Second Part:

Whereas His Majesty the King and the Minister of Munitions and Supply of Canada have entered into a certain agreement made the 2nd day of May, 1942, whereby the Company is authorized to arrange for, supervise, direct and control the operation of such cargo vessels as His Majesty may, from time to time, make available to the Company for operation in the most efficient manner possible for the prosecution of the War in which His Majesty is engaged, copy of which agreement the Managers acknowledge having taken communication and to which this Management Agreement is subject; and

Whereas for the purposes of carrying out the intention of the said agreement with His Majesty the King, the Company wishes to provide for the operation and management of the cargo vessel or vessels hereinafter named, and, towards that purpose, has arranged for the appointment of the Managers as its agents for and on behalf of His Majesty the King to operate and manage the said vessel or vessels subject to the terms and conditions of this Management Agreement hereinafter set forth.

Now therefore the Parties hereto have agreed each with the other as follows:—

The Company hereby appoints the Managers as its agents for and on its behalf in the name of His Majesty the King to operate and manage the following vessel or vessels, namely:—

which said vessel or vessels are owned by and registered in the name of His Majesty the King, in right of Canada, represented by the Honourable the Minister of Munitions and Supply, of the Dominion of Canada.

(a) *Management:* The Managers shall operate and manage the said vessel or vessels as if they were their own, and shall keep the Company fully advised with regard thereto. The Managers shall provide and pay the captain, officers, engineers, wireless operators and crew and provide and pay for fuel, lubricating oil, deck and engine room stores and provisions and all handling and port charges, as if for their own account. It is understood generally that the management of

all matters specified shall be entirely under the control of the Managers subject to any specific instructions which may be given by the Company, it being further understood that the management, operation and control of such vessel or vessels shall at all times be subject to such supervision and control as the Company and/or the Minister of Munitions and Supply of Canada may, from time to time, require. It is essential for the successful operation of the vessel or vessels that prompt handling and dispatch be obtained at all ports and the Managers will make every effort to secure the same.

(b) *Employment*: The Managers will receive from the Company instructions as to the vessel's or vessels' employment.

(c) *Bills of Lading*: Bills of Lading shall be issued by the Managers in the form prescribed by the Company but in all instances shall contain as a clause thereof the following clause paramount:—

#### CLAUSE PARAMOUNT

This Bill of Lading is issued for and on behalf of Park Steamship Company Limited, of Montreal, the agent for the vessel owner, and shall take effect only as a contract with the vessel owner as principal. The said agent and the issuer hereof do not assume, and shall be under no liability whatsoever, personal or otherwise, in respect hereof or of the goods covered by this Bill of Lading before, during or after the voyage contemplated hereunder.

(d) *Wages*: The Managers will pay the rate of wages to captains, officers, engineers and crew in accordance with the scale covering the same and approved by the Company under date of May 22, 1942, or as may be amended and authorized by the Company from time to time.

(e) *Personnel*: The Managers shall in all instances use their best endeavours to engage the services of Canadian captains, officers and crew for all departments for the said vessel or vessels, but when such personnel is not available, the Managers shall be at liberty to engage the services of others, giving preference to British subjects.

(f) *Insurance*: The Managers shall not be required to carry, place or effect any war, marine or P. & I. insurance except as specifically agreed with the Company.

(g) *Repairs*: The Managers will arrange for all necessary repairs to be effected under supervision of their own superintendent subject to the approval of the Company, but ordinary voyage repairs shall be put in hand without such consultation with the Company. Should a periodical survey be due, or any extensive repairs be required, the Managers shall communicate with the Company before instructions are given for the survey or for any such repairs to be undertaken, giving full details thereof to the Company of the necessary work.

(h) *Drydocking*: The Managers will arrange for drydocking at regular intervals as they would do for their own vessels, in all cases consulting the Company beforehand and subject to the written approval of the Company.

(i) *Legal Action Involving Managed Ships*: The Managers will obtain all necessary preliminary evidence but they will not initiate legal proceedings nor admit liability without instructions from the Company. Full reports of all such matters shall immediately be made to the Company.

(j) (1) *Accounts*: The Managers agree to keep proper and complete accounts and records together with invoices, receipts, vouchers and statements in connection with the operation and management of the said vessel or vessels

which shall be open to inspection and may be audited at any time and from time to time by a representative of the Company, and the Managers also agree to furnish all such further information as may be required by the Company in connection or comparison therewith.

(2) *Voyage Accounts:* Voyage accounts shall be furnished to the Company as early as possible after the completion of each voyage. These accounts to be complete in every detail as to revenue earned and expenditures made, the same being supported with copies of all manifests issued covering traffic carried and signed vouchers and receipted accounts covering moneys expended. In respect to moneys expended, the same is to include the remuneration allowed to the Managers, superintendents and agents. Cheque in settlement of the credit difference between revenue and expenditures to be attached to the voyage account at the time of the rendering of the same to the Company. In the case of a ship whose revenue on any particular leg of a voyage is largely prepaid, the Managers shall make immediate payment thereof to the Company after deduction and retention of sufficient funds to meet expenses. Should the preparation and the supplying to the Company of a voyage account for good and valid reasons be unavoidably delayed, the Managers are to furnish within twenty days following the completion of the voyage a pro forma statement and should the same show a credit balance payment thereof shall be made to the Company forthwith.

(3) Without limiting the generality of the foregoing, the Managers agree that, as required by the Company, they will render to the Company regularly a proper accounting of all moneys received and will pay the net credit to the Company. At the same time, the Managers will also deliver to the Company a proper financial statement covering the management and operation of the said vessel or vessels for the period dealt with, certified correct on behalf of the Managers.

(k) *Stores:* The Managers shall give to the Company the advantage of any contracts for fuel, stores or provisions they may have or make for their own ships. Where the Managers supply stores or provisions out of their own stores department, they shall supply the vessel or vessels herein mentioned at the same prices as they charge to their own vessels.

(l) *Remuneration:* In consideration of the Managers' obligations hereunder and the general management of the said vessel or vessels, the Managers shall be paid remuneration in respect of each vessel the sum of \$3,500 per annum from the date hereof, payable quarterly, and pro rata in respect of any part year to the date of the termination of this Agreement. All accounts for such remuneration shall be rendered separately from the Management Accounts.

The Managers shall, in addition, be entitled in respect of the services of their marine superintendent and superintendent engineer to the sum of \$15 each per day for every day during which the services of such superintendents or their deputies are required on the said vessel or vessels, plus reasonable travelling and hotel expenses.

(m) *Agencies:* The managers will appoint agents at the ports of loading and discharge in Canada and will pay the ordinary and usual fees or commissions therefor. At ports abroad the Managers may utilize the services of the agents whom they usually employ, but if they have no such agents, the Managers shall pay the same fees or commissions as they would pay for their own vessels for similar services to whoever may be selected to look after the vessel. When ships are at ports where the Managers have their own offices and agency organization they may charge fees or commissions on the same scale as if they had to appoint agents.



All such agents as herein referred to shall at all times be subject to the approval of the Company.

The Managers expressly agree that the accounts for agency fees or commissions shall not exceed the regular and customary scale, rate or tariff for similar services as paid by the Ministry of War Transport of the United Kingdom under vessel management agreements similar hereto. In the event of any dispute with regard thereto, such scale rate or tariff shall be determined and settled by the Honourable the Minister of Munitions and Supply of Canada.

(n) *Taking Over Management*: On taking over the management of the said vessel or vessels, the Managers shall arrange for an inventory to be taken of bunkers, stores (deck, engine and cabin) and provisions so that the cost of these items may be correctly charged to their respective voyages.

(o) *Discounts, Rebates and Allowances*: Discounts, rebates and allowances of all kinds whatsoever shall be credited by the Managers to the Company.

This Management Agreement shall remain in full force and effect until cancelled either by the Company or the Managers on giving thirty days' written notice, delivered at Montreal, P.P.Q.

In witness whereof, the Parties hereto have executed this Agreement as of the day, month and year first hereinabove mentioned.

WITNESS:

Party of the first part.

WITNESS:

PARK STEAMSHIP COMPANY LIMITED  
Party of the second part.

Mr. Doc  
Can  
Com  
W

Canada, War Expenditures - 1946

(SESSION 1946  
HOUSE OF COMMONS)

CA1 XC2

-46 W12

(SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

TUESDAY, JUNE 18, 1946

WITNESS:

Mr. J. H. Berry, President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946





## MINUTES OF PROCEEDINGS

TUESDAY, June 18, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Coté, presiding.

*Members present:* Messrs. Black (*Cumberland*), Cleaver, Côté (*Verdun*), Golding, Homuth, Jackman, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*).

*In attendance:* Mr. J. H. Berry, President, War Assets Corporation, and Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Clerk read a communication from Mr. W. Purvis Wood submitting a statement of expenditures made by the National Organizations in the provision of War Auxiliary Services, as requested at the time of Mr. Wood's appearance before the Committee on May 28, 1946.

On motion of Mr. Golding, the Seventh Report of the Steering Committee presented on Friday, June 14, was concurred in.

Mr. Berry was recalled. He gave answers to a number of questions asked in the course of previous sittings and was questioned.

At 1.00 p.m., witness retired and the Committee adjourned until Thursday, June 20, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 18, 1946.

The Special Committee on War Expenditures and Economies met this day<sup>a</sup> at 11.00 o'clock a.m. The Vice Chairman, Mr. Paul E. Cote, presided.

( The VICE CHAIRMAN: Order, please. The clerk of the committee has received  
a communication which I will ask him to read.

The CLERK:

June 14, 1946

R. ARSENAULT, Esq.,  
Clerk of the Special Committee on War Expenditures and Economies,  
House of Commons,  
Ottawa.

Dear Mr. Arsenault,

Complying with the request of your committee made on May 28, particulars of expenditures made by the national organizations in the provision of War Auxiliary Services, broken down to indicate the amounts required for specific purposes, are attached hereto.

Yours sincerely,

(Sgd) W. P. WOOD,  
*Secretary and Liaison Officer,  
Joint Services Advisory Committee on Welfare.*



## EXPENDITURES—CANADA AND NEWFOUNDLAND

PERIOD FROM INCEPTION 1939 TO MARCH 31, 1946.

	Canadian Legion	Knights of Columbus	Navy League	Salvation Army	Y. M. C. A.	Y. W. C. A.	Totals
<i>Operations Field</i> —Include Salaries, Travel, Heat and Light, Free Issues, Free Stationery, Express and Freight, Sundries.....	2,029,962	1,726,468	915,896	1,476,981	3,921,832	1,658,238	11,729,377
<i>Buildings</i> .....	507,125	903,645	248,166	438,856	781,024	168,470	3,047,286
<i>Repairs and Maintenance</i> .....	124,328	70,229	126,163	137,291	340,030	68,810	866,851
<i>Furnishings and Equipment</i> (Includes Repairs).....	476,217	446,648	137,686	584,787	749,520	302,742	2,697,600
<i>Sports Equipment</i> .....	244,488	200,528	20,753	154,208	486,691	2,939	1,109,607
<i>Entertainment</i> .....	277,616	158,520	54,259	25,653	399,393	16,596	929,037
<i>Film Projectors</i> , Includes Repairs and Maintenance.....	106,377	68,557	.....	121,348	138,542	1,000	433,824
<i>Film Rentals</i> .....	509,072	421,394	.....	321,823	767,040	26,925	2,046,254
<i>General Projects</i> —Comforts and Amenities; Books, Papers and Magazines; Personnel Training; Seasonal Entertain- ment; Trans-Atlantic Troopship Service; Personal and Welcome Home.....	404,954	93,350	18,830	484,200	809,562	74,175	1,885,071
<i>Subventions</i> —Town Recreation Centres and Rooms Registry Service.....	.....	.....	.....	.....	276,457	238,218	514,675
<i>Prisoners of War</i> —International Grants.....	.....	.....	.....	.....	230,000	.....	230,000
<i>Educational Services</i> .....	3,126,628	.....	.....	.....	.....	.....	3,126,628
<i>Administration</i> .....	579,212	403,056	202,699	396,029	829,890	193,550	2,604,436
Totals—Canada.....	8,385,979	4,489,395	1,724,452	4,141,176	9,727,981	2,751,663	31,220,646

## EXPENDITURES—OVERSEAS

PERIOD FROM INCEPTION 1940, TO DECEMBER 31, 1944, AND ESTIMATES YEAR 1945, AND TO MARCH 31, 1946

Note: Audited Statements for the Calendar year 1945, have not been received from Overseas at this date. Estimate of expenditures for year 1945 is placed at \$7,600,000 and for 1st quarter 1946 at \$400,000.

	Canadian Legion	Knights of Columbus		Salvation Army	Y.M.C.A.	Y.W.C.A. (Commenced Dec. 1945)	Totals
<i>Operations</i> .....	1, 148, 363	1, 253, 965	.....	1, 010, 286	1, 420, 337	2, 115	4, 835, 066
<i>Buildings</i> .....	59, 923	.....	.....	66, 689	325, 511	.....	452, 123
<i>Repairs and Maintenance</i> .....	48, 666	52, 553	.....	2, 851	75, 144	.....	179, 214
<i>Furnishings and Equipment</i> .....	212, 757	110, 372	.....	282, 236	549, 879	.....	1, 155, 244
<i>Sports Equipment</i> .....	297, 790	290, 285	.....	305, 891	571, 668	.....	1, 465, 634
<i>Entertainment</i> .....	702, 989	170, 035	.....	158, 161	314, 938	.....	1, 346, 123
<i>Film Projectors and Radios</i> .....	160, 606	237, 261	.....	192, 713	95, 828	.....	686, 408
<i>Film Rentals</i> .....	268, 258	103, 573	.....	438, 659	312, 257	.....	1, 122, 747
<i>General Projects—Musical Instruments; Hospitality Bureau; Hockey Equipment; Library Books; Beaver Club</i> .....	132, 450	409, 333	.....	76, 175	903, 086	.....	1, 521, 044
<i>Educational Services</i> .....	764, 479	.....	.....	.....	.....	.....	764, 479
<i>Administration</i> .....	354, 724	211, 124	.....	288, 005	396, 127	2, 144	1, 252, 124
<i>Estimates—1945 and 1946 (Breakdown not available)</i> .....	3, 100, 000	1, 600, 000	.....	1, 300, 000	1, 900, 000	100, 000	8, 000, 900
Totals—Overseas.....	7, 251, 005	4, 438, 501	.....	4, 121, 666	6, 864, 775	104, 259	22, 780, 206
Totals—Canada and Overseas.....	15, 636, 984	8, 927, 896	1, 724, 452	8, 262, 842	16, 592, 756	2, 855, 922	54, 000, 852

The VICE CHAIRMAN: Is this statement to be printed in the record?

Some hon. MEMBERS: Agreed.

The VICE CHAIRMAN: At the last meeting, gentlemen, the committee was presented with a report by the steering committee. On motion this report was allowed to stand over until today to be disposed of. What is your pleasure, gentlemen? I understand that each member has received a printed copy of the report.

Mr. GOLDING: I would move that it be adopted.

Mr. MARQUIS: I would second that motion.

The VICE CHAIRMAN: It has been moved by Mr. Golding, seconded by Mr. Marquis, that the report of the steering committee presented on Friday, June 14, be adopted. Is it carried?

Mr. MCGREGOR: No, it is not carried.

The VICE CHAIRMAN: All right, Mr. McGregor, it is open for discussion.

Mr. MCGREGOR: I didn't hear anybody second the report.

The VICE CHAIRMAN: Mr. Marquis seconded its adoption.

Mr. MCGREGOR: There is a question I want to bring up on this report. On page 2 of the report here it says:—

Your steering committee gave consideration to a question submitted on behalf of Mr. McGregor relating to the operation of shipyards, ship production, cost and disposal.

It was decided instead to obtain the costs of ships disposed of.

I just want to know what that means. Does that mean that in each case we can get that cost only on ships that have been disposed of? What does it mean?

The VICE CHAIRMAN: It means exactly what it reads, Mr. McGregor.

Mr. MCGREGOR: I see. If that is exactly what it means then it means that this committee and the country is not going to be allowed to inquire into the cost of the ships and make a comparison between the yards in the different parts of this country and find out why in some yards boats cost \$500,000, \$600,000 or \$700,000 more than in other yards. I understood that was the purpose of this committee, to investigate these things and find out just how this money was spent.

The VICE CHAIRMAN: For your information, Mr. McGregor, it does not mean that at all. It means that while we are discussing the disposal of war surpluses it is out of order to inquire about the cost of anything that does not pertain directly to the disposal of war surpluses through War Assets Corporation.

Mr. MCGREGOR: Very well then, I quite understand. I fully appreciate the situation, and let me make this statement again so that it will be clear that I am not expecting Mr. Berry to give us this information. I know that his is not the department to which we are to look for that; but I want it made quite clear that when this comes up for discussion before this committee that this item in the report of the steering committee does not exclude us from inquiring into the cost of ships.

Some hon. MEMBERS: No.

Mr. MARQUIS: We cannot change the order of reference.

Motion agreed to.

The VICE CHAIRMAN: Now, gentlemen, the witness has some answers available with regard to questions which have been put by members of the committee. I would ask the witness to proceed.



**Mr. J. H. Berry, President, War Assets Corporation, recalled.**

The WITNESS: The first is a question asked by Mr. McIlraith on June 4, 1946.

Q. What notification was received from the Saskatchewan government advising that the Saskatchewan Reconstruction Corporation requests were to be considered as requests of the Saskatchewan government for priority purposes?—A. The following exchange of correspondence between War Assets Corporation and the Minister of Reconstruction, government of the province of Saskatchewan is submitted in answer to this question.

July 12, 1945

Airmail

Honourable JOHN H. STURDY,  
Minister of Reconstruction,  
Regina, Saskatchewan.

DEAR SIR,—We have been shown a letter by Mr. J. Kalmacoff which, from our recollection of it, empowers him to act as agent of the Province of Saskatchewan to purchase goods from us. We have received inquiries and offers for goods from Mr. Kalmacoff signing himself as Vice President of the Saskatchewan Reconstruction Corporation.

Would you be good enough to confirm for our records that the Saskatchewan Reconstruction Corporation is an emanation of the Crown, and that an order from that Corporation is a reflection of the exercise of the priority rights of the Government of Saskatchewan with respect to what we have to sell?

Would you also please confirm that the Government of Saskatchewan guarantees the obligations, incurred by Saskatchewan Reconstruction Corporation.

May we have from you, or would you kindly have the Corporation supply us with a list of the Officers or Employees of the Corporation whose signature we may accept as carrying Governmental authority and responsibility.

Yours very truly,

F. O. PETERSON,  
*Executive Assistant to the President.*

SASKATCHEWAN

MINISTER OF RECONSTRUCTION AND REHABILITATION

REGINA, SASK.

July 20, 1945

Mr. F. O. PETERSON,  
Executive Assistant to the President,  
War Assets Corporation,  
P.O. Box 6099,  
Montreal, Que.

DEAR MR. PETERSON,—In order to correlate the securing of surplus war assets, this Government has set up the Saskatchewan Reconstruction Corporation. The officers of the Corporation are: Hon. John H. Sturdy, President; John Kalmacoff, Vice-President; E. R. Bone, Secretary; Directors: Hon. J. T. Douglas; Erle E. Eisenhauer. An order from any of the above-mentioned officers of this Corporation is a reflection of the

exercise of the priority rights of the Government of Saskatchewan with respect to goods purchased from the War Assets Corporation. Also the Government of Saskatchewan guarantees obligations incurred by the Corporation.

Trusting this is the information required, I am

Sincerely yours,

John H. STURDY  
*Minister*

*By Mr. Homuth:*

Q. Mr. Berry, might I just ask with regard to these two letters; there will be nothing there, no understanding, that if these goods were purchased by this reconstruction corporation it would preclude them from selling these things at a profit?—A. No. In the early days of the priority we did not have any specific ruling in relation to the resale of goods purchased by priority claimants, but at a later date we did bring in a ruling from the Crown Assets Allocation Committee that priority purchases were not intended for resale by the purchaser.

Q. I suppose some of these goods were purchased before that ruling came into effect?—A. Before that ruling was put in writing and agreed to generally; that aspect of it was not considered at the time of the original priority ruling, it was understood as a sort of unwritten agreement that it would be for the use of the priority holder.

Mr. McGREGOR: You have no specific evidence though of the resale of these goods?

The WITNESS: I have no specific evidence of that.

The next question was asked by Mr. Smith on May 31, 1946.

Q. What trucks, passenger cars and universal carriers were moved by War Assets Corporation from Ontario to Alberta for disposal and what was the cost.—A. The only vehicles which had been moved by the corporation for disposal purposes were as reproduced verbatim in the Minutes of Proceedings and Evidence No. 18 of the Special Committee on War Expenditures and Economies.

With regard to universal carriers, these were all turned over to the Corporation at New Sarum and the various branches of the Corporation were allotted certain quantities for disposal in their areas.

Our Winnipeg office was allotted twenty-one (21) all of which were disposed of "as is and where is" from New Sarum, and any freight cost for moving these from New Sarum to Alberta were paid for by the customer.

*By Mr. Smith:*

Q. Those were the only ones sent back west?—A. As far as we know, yes.

Q. What price were they sold for?—A. I haven't got that here with me but I will get it for you later. I think it was \$200.

Q. Yes, that is the figure I have in mind.—A. I believe that was the figure.

Q. Were they moved from the west to the east and then sent back again?—A. That I could not tell you. They were delivered to me by the army at New Sarum.

Q. What I have in mind is that the freight paid was about \$175, and if you sold them for \$200, that would mean that your net on those after they were shipped east would be only \$25. That price \$200, which I have in mind, is the same as you have stated.

The WITNESS: The next is a question asked by Mr. Murphy on June 4, 1946:

1. 185 Fleet Aircraft were sold to Chas. Babb Company for \$250 each.

(a) *Question*—Were these aircraft advertised for sale?

*Answer*—These aircraft were not advertised for sale.

(b) *Question*—Were any other bids received and, if so, from whom and for how many aircraft and how much per aircraft?

*Answer*—No other bids were asked for or received.

(c) *Question*—In what condition were these aircraft?

*Answer*—Needing considerable repair and overhaul to be eligible for commercial licensing.

*Question*—Were they flyable?

*Answer*—Only after they had been completely overhauled.

*Question*—Where were they located?

*Answer*—They were located at St. Johns, Que. and Moncton, N.B.

*Question*—What instruments were mounted on the instrument panel?

*Answer*—One oil pressure gauge

One bank and turn

One airspeed indicator

One altimeter

One compass

*Question*—What was the approximate value of these instruments?

*Answer*—The new or list price on the above referenced instruments is, as follows:—

Oil pressure gauge .....	\$ 7 00
Bank and turn .....	48 00
Airspeed indicator .....	17 00
Altimeter .....	72 00
Compass .....	31 00

Total	<u>\$175 00</u>
-------	-----------------

However, before used instruments can be used commercially, they must be overhauled and recalibrated for precision. Specialist skill and equipment is required for such work which would involve costs of approximately eighty per cent of their new price or, in the case of the instruments in the Fleets, would reduce their value to approximately \$35.00.

2. Q. Why was Group Captain Bell-Irving of Vancouver charged \$500.00 for a Fleet aircraft when sale to Mr. R. B. Faucett was made at \$200.00 and 185 were sold to Babb at \$250.00 each?—A. While all of these machines were in a condition requiring extensive overhaul, they still varied to a great extent in individual condition. The Chas. Babb Company paid \$250.00 each on a lot basis regardless of individual condition. Group Captain Bell-Irving and Mr. Faucett's machines were declared two years later. In view of the fact that Mr. Bell-Irving's machine had been used to some extent shortly before being declared, it was considered to be worth \$500.00 by virtue of its condition. Mr. Faucett's machine was in a practically salvaged condition requiring complete overhaul and replacement of a considerable number of components.

3. Q. (a) What sales were made of aircraft engines as a result of advertising in newspapers? (b) How many engines were advertised, and how many were sold by types as of June 1, 1946?—A. Twenty-five hundred engines were



advertised for sale, but due to the fact that sales were made through branches, the result of sale is not yet available at head office. This information will be furnished as soon as it is in our hands.

*4. Question asked by Mr. Black:*

Why was Mr. F. H. Wheeler of Gray Rocks, P.Q., charged \$32,000.00 for a Norseman aircraft when the average price to other purchasers was only approximately \$14,000.00?—A. The particular Norseman sold to Mr. Wheeler was an unfinished machine on the production line at Noorduy'n's when the U.S.A.A.F. contract was cancelled. The machine was completed and declared surplus in Canada by the U.S. and was sold by War Assets to Mr. Wheeler at approximately the new commercial price minus cost of conversion from U.S.A.A.F. specifications to condition eligible for Canadian licensing. All other Norseman aircraft referred to as having been sold for an average of approximately \$14,000.00 were machines which had been in the service of the R.C.A.F. and, in many cases, had high flying times.

Then there is the question asked by Mr. Golding on June 6, 1946:—

Q. What was the date of appointment as agent of War Assets Corporation for the sale of ships for

(a) Park Steamships Company Limited

(b) Wartime Shipbuilding Limited.—A.:—

(a) The date of appointment of Park Steamships Company Limited as agent for War Assets Corporation for the sale of ships cannot be given with certainty. This appointment was confirmed and detailed by an exchange of letters between the presidents of the two companies, dated respectively 7th and 28th February, 1946, which confirmed an arrangement in existence for some months prior thereto during which period sales had been made generally in accordance therewith. The first sale under the verbal arrangement was made approximately October 18, 1945.

(b) The date of appointment of Wartime Shipbuilding Limited as agent for War Assets Corporation for the sale of ships cannot be given with certainty. This appointment was confirmed and detailed by an exchange of letters between the presidents of the two companies, dated respectively 1st March, 1946 and 18th April, 1946, which confirmed a verbal arrangement in existence for some months prior thereto during which period sales had been made generally in accordance therewith. The first sale under this arrangement was made approximately 1st March, 1946.

And then there is the question asked by Mr. Probe which appeared in the report of June 14, 1946:—

Q. Why did not the Town of Assiniboia, Saskatchewan, receive the fire truck which it had requested and which was located at the local R.C.A.F. airport in view of order in council P.C. 3315 which gives priority to municipalities on A.R.P. equipment in their custody.—A.:—

(a) Fire trucks are not included in the list of equipment covered by P.C. 3315 as such vehicles were not issued to municipalities for air raid precaution purposes.

(b) The fire truck in question, Serial No. 30-815, was transferred to the R.C.A.F.'s Equipment Holding Unit at Moose Jaw by the R.C.A.F. and was reported surplus to its requirements on the 26th of December 1945. It was later sold on priority to the Saskatchewan Reconstruction Corporation by War Assets Corporation on MTL Sales Order 31303.

## QUESTIONS ASKED ON MAY 30, 31, 1946, CONCERNING REAL ESTATE

Q. 1. Asked by Mr. R. W. McGregor.

A list of all appraisals made on properties disposed of by the corporation in the Toronto area, including the following details:—

- (a) Description of property.
- (b) Names of appraisers.
- (c) Values placed on properties.
- (d) Amount of fee paid in each case.

A. The only valuations made by Toronto appraisers in the Toronto area are as listed below. However, as it is only of comparatively recent date that disposals of industrial buildings have been made through lands and buildings department of the corporation at Montreal, and most of the Toronto industrial buildings had been previously disposed of through war surplus branch, the valuations are few in number and consist of:

- (1) Land and buildings of Dominion Bridge Co. Ltd., Sorauren Ave., Toronto. This is not Crown-owned but is part of the subject matter of negotiations still pending. Appraisals made by National Trust Co. (Mr. F. B. Poucher). Valuation \$300,000.00. Fee \$300.00.
- (2) Leasehold land and buildings of section of Toronto Shipbuilding Co. plant on Toronto Harbour Commissioners property at Fleet and Spadina. This involved valuation of a leasehold and is a special fee as the amount of the value of the buildings is only one part of the work. Appraisal made by W. H. Bosley. Value of Bldgs. \$40,000.00. Fee \$100.00.
- (3) Vacant land at Long Branch, Ont., part of Lot 10, concession 3, south of Dundas St., Township of Toronto, 66' by 125'. Appraised by T. S. H. Giles, Toronto. Value of Land \$660.00. Fee \$10.00.
- (4) In addition to the above, Mr. E. V. Chambers of Chambers and Meredith Ltd. has appraised several properties in the Toronto area. Mr. Chambers, who is chairman of the War Assets Corporation real estate advisory committee, has consistently refused to accept any fees for his work in this connection, which include appraisals and reports on vacant land at Leaside, New Toronto, and buildings and land at the de Havilland plant (Downsview), General Engineering plant at Scarborough and other properties.

The following appraisals were made by Toronto brokers outside the Toronto area.

- (1) Appraisals made by Mr. J. A. MacMillan, manager, farm and country estate department of Messrs, Chambers and Meredith Ltd., Toronto, of certain airfields which were made prior to arrangements afterwards made for such valuations by Canadian Farm Loan Board. These represent only Mr. MacMillan's fees as Chambers and Meredith refused to accept any emolument on instructions of Mr. E. V. Chambers, chairman of the real estate advisory committee, whose services are given without fee as a public service. Mr. MacMillan is a former member of the real estate advisor's department of the Department of National Defence and a graduate of Guelph Agricultural College. His fees were based on time spent, plus out-of-pocket expenses, as is used in rural valuations.

Sandhurst landing field, about 220 acres and old buildings. Valuation, \$5,000.00, time spent, 3 days.

It is my understanding, gentlemen, that the fee paid in these cases is \$30 a day plus out-of-pocket expenses.

Goderich landing field, about 348 acres and R.C.A.F. building. Valuation, \$7,262.00, time spent, 3 days.

Willoughby landing field, about 350 acres and R.C.A.F. building. Valuation, \$6,655.00, time spent, 2½ days.

- (2) E. F. Coke of Playfair and Coke, Toronto, made a check valuation on parcel of vacant land in Peterboro, Ont. Fee based on time spent, plus out of pocket expenses.

N/E cor. George & Sherbrooke Sts., Peterboro, 100 x 165<sup>8</sup>. Fee, \$50.00, Valuation, \$12,500.00.

- (3) C. R. de Mara of C. R. de Mara & Co. Ltd., Toronto, made a check valuation of the aircraft hydraulic building and property in Windsor, Ont., comprising about 400 x 176 with buildings containing about 40,000 sq. ft. Fee based on time spent and out-of-pocket expenses. Valuation, \$135,000.00. Fee, \$150.00.

Q. 2. Asked by Mr. E. Marier.

Have two or more offers been received for the same building from prospective purchasers engaged in the same type of business?

A. To provide a hundred per cent accurate answer to this question would involve the minute examination of all files involved in the sale of real estate and/or buildings at considerable cost to the Corporation. A preliminary examination of such files on which it was considered applicable information would be maintained shows only two buildings for which offers were received from prospective purchasers engaged in the same type of business.

One of these was the Canadian Pacific Air Lines building in New Westminster which was required by two companies, both of whom wished to go into the production of plywood and prefabricated houses and the plant known as the Electro-Weld Metal Products Limited, of Vancouver, which was required by two producers of chain.

Q. 3 Asked by E. Probe.

Examples of decentralization of plants and building. How is this feature working out, particularly at Regina Industries?

A. Examples of decentralization:

(a) *Cap de la Madeleine, Que.*

As aerodrome at this point is close to city and municipally owned, a group of R.C.A.F. buildings of temporary construction, which had been added to the aerodrome, were available for disposal as surplus. In conjunction with Mayor Irene Rochfort, supported by the local member of parliament, Mr. H. E. Brunelle, these buildings were sold to seven new industries as follows:

Unique Glove Company (Head office in Montreal)

Metalite Company

Three Rivers Furniture Company

St. Maurice Industries

Rousseau Frigidaire Company

Lingerie Boisclair

Crown Toilet Company

The combined present employment of these industries is said to be 168 and it is hoped this will increase to 460. There were formerly only nine industries in Cap de la Madeleine.



(b) *New Glasgow, N.S.*

Three staff houses and commissary here were sold to Topper Industries Ltd., making drug products and canned foods. Formerly located in Montreal, already employ twenty-two people and expect to gradually increase this number.

(c) *Saint John, N.B.*

1. Six temporary army buildings, known as provost corps barracks, Coldbrook, near Saint John, on leased land, sold to L. E. Shaw Co. Ltd., manufacturers of brick, tile and sewer pipe. Application supported by City of Saint John, reconstruction department of province and emergency shelter administration. Company also operates at Halifax, N.S. and Chipman, N.B.

2. Commissary building of temporary construction on land leased from City of Saint John, sold to Canuck Pottery Co. City by resolution dated 12th March strongly supported establishment of this industry and released Crown from obligations to restore land. Reconstruction department, N.B. also supported action.

3. Shipbuilding yard and buildings, mostly of temporary construction, at Saint John, N.B., sold to Forest Industries, a new company, engaged in woodworking manufacturing as an outlet for timber resources of the Province of New Brunswick. Strongly supported by reconstruction department of New Brunswick, who partially financed a trip by the president of this Company to England to investigate possible markets. Also had approval of City of Saint John and regional advisory council. Expect employment for sixty in short time, eventually expanding to 150.

*Regina Industries:*

As regards Regina Industries, this property has not passed through the hands of War Assets Corporation, and it is understood that it was purchased by Department of National Defence (Army) from the owners, General Motors of Canada Limited.

*By Mr. Shaw:*

Q. Before we proceed what was that reference to a member of parliament in the first part of that answer?—A. Cap de La Madeleine.

Q. Would you mind reading that part again?—A. "In conjunction with Mayor Irene Rochfort, supported by the local member of parliament, Mr. H. E. Brunelle, these buildings were sold to seven new industries."

Mr. MARIER: The provincial member?

The VICE-CHAIRMAN: No, the federal member, Mr. Brunelle.

Q. 4. Asked by Mr. R. W. McGregor.

Statement covering the Verdun multiple tenancy operation, including:

- (a) Cost of conversion;
- (b) Cost of operation;
- (c) Revenue derived.

A. *Cost of Conversion:* Rentable area approximately 424,000 sq. ft.

General contract (subject to certain credit adjustments estimated at \$1,500.00 to \$2,000.00) . . . . . \$213,065.32

Repairs to floors (estimate only, as accounts not yet rendered) . . . . . 11,500.00

---

Total cost of conversion . . . . . \$224,565.32

Note.—An estimated amount of \$26,000.00 is included in general contract and is for needed repairs to building including roofs, windows and frames, floors (not part of special item above) and other items of general wear and tear.

- { (b) *Cost of operation* and  
{ (c) *Revenue derived*

Operations began on the 1st September 1945 and full staff including superintendent, engineers, firemen, watchmen, etc., had to be maintained almost immediately. At the same time decontamination of the building was proceeding and removal and disposal of machinery and equipment was gradually completed by War Assets Corporation who occupied a considerable area in the interim until 30th April this year when the entire plant had been turned over. At the same time preparations for multiple tenancy occupancy were going on and the spaces rented made ready for tenants on a progressive basis.

Tenants took possession in the various intervening months as follows:—

September, 1945	.....	None
October, 1945	.....	None
November, 1945	.....	(7 for part of month; 1 entire month)
December, 1945	.....	(3 for part of month; 11 entire month)
January, 1946	.....	(5 for entire month)
February, 1946	.....	(1 for entire month)
March, 1946	.....	(1 for entire month)
April, 1946	.....	(4 for entire month)
May, 1946	.....	(Full occupancy)

Total number of tenants—33

During this preparatory period 1st September 1945 to 30th April 1946

Cost of operation was ..... \$84,451.61

Revenue derived ..... 59,602.12

Excess of cost over revenue ..... \$24,849.49

Estimate for year period 1st May 1946 to 30th April 1947 under full occupancy conditions.

*Revenue*

Rents	.....	\$178,000.00
Steam	.....	10,000.00
Sundries	.....	4,000.00

Total ..... \$192,000.00

*Operating Expenses:* This includes all operating charges such as fuel, wages, taxes, insurance, snow cleaning, supplies, management fees, etc. .... \$155,500.00

Estimated excess of revenue over cost ..... \$ 36,500.00

*By Mr. Smith:*

Q. Who takes care of depreciation?—A. The Crown does not depreciate its property. It is my understanding of the financial arrangements that the original cost stands on the books until such time as it is completely written off.

Q. What about repairs?—A. Repairs are charged to current expenses.

*By Mr. Homuth:*

Q. The estimated cost of repairs would be in that statement?—A. As operating expenses. Any repairs would go right into operating expenses.

*By Mr. Murphy:*

Q. Would you read the expenses again? The revenue is—A. The estimated revenue for a full year of occupancy is \$192,000, and operating expenses, which include all operating charges such as fuel, wages, taxes, insurance, snow cleaning, supplies, management fees, etc., are estimated at \$155,500.

Q. You have not any breakdown of that as to the details but just the lump sum?—A. I have not got the details of that. We could probably estimate the details from our current expenses.

Q. Would you mind getting that if it is not too much trouble?—A. Yes.

*By Mr. McGregor:*

Q. Just while you are on that, this \$36,500 is based on full occupancy for a full year at the present rate. How would that work out on that building if it were handled by a private concern. Could a private concern exist under the conditions as it is operated there?—A. I don't know.

Q. Neither do I.

Mr. MARIER: You can figure out yourself the cost of the buildings.

Mr. MCGREGOR: I don't know the cost of the buildings.

Mr. MARIER: They mention the cost of the repairs.

Mr. MCGREGOR: But as I understand it the cost of repairs is not in the \$155,500. That is not the cost of repairs that have gone by.

The WITNESS: Any repairs required during the year 1946-1947.

*By Mr. McGregor:*

Q. Pardon?—A. Any repairs required during the period from the 1st of May, 1946 to the 30th of April, 1947.

Q. How much have you allowed in the estimate for the cost of repairs?—A. I don't know how much is in there. I have not got that detail.

Q. If that were run by a private concern to stay in business they would have to have in there the depreciation on their building. I was wondering if a private concern could exist under those conditions. I do not know.

Mr. McILRAITH: You have another way of coming at that. You have the floor space. You could work it out from that and come to your conclusion one way or the other.

*By Mr. Homuth:*

Q. Do you know the original cost of the building?—A. I have not got that here. I can get that original cost.

Q. Because if you wrote off the original cost apparently it would run into a considerable sum on the basis of what is allowed under the Income Tax Act.

Mr. McILRAITH: They would not construct a building for commercial renting the way that one was built so that the income tax depreciation rate would not be wholly applicable. The best way of estimating it would be to get the floor space and then the cost of building that much floor space for commercial renting, and work it out that way.

*By Mr. Stewart:*

Q. Could the witness get us the capital cost of the building and the probable life of it?—A. Yes, I think we could estimate that.



*By Mr. McGregor:*

Q. What is the rentable floor space?—A. The rental area is approximately 424,000 square feet.

Q. At what rate?—A. I think that is 40 cents, but I am not sure.

Q. I would say that 40 cents is a fair rental. The rental part of it seems all right, but I cannot understand how the costs of operating it would be so high, and if they are that high I do not understand how the person who built the building can rent it at 40 cents and still make money on it. They do not quite jibe.—A. The rental rates are fixed by the Wartime Prices and Trade Board.

Q. 5. Asked by Mr. A. Smith.

Disposition of No. 2 wireless school at Calgary, Alberta, including:

- (a) Buildings offered to the Department of National Defence (Army);
- (b) Buildings offered to the Department of Veterans Affairs;
- (c) Buildings returned to city and if cost of services were included in arriving at the sales price of additional buildings purchased by the city.

A. (a) Buildings retained by Department of National Defence (Army):—

- Bldg. No. 2 drill hall.
- Bldg. No. 15 spotlight trainer.
- Bldg. No. 16 canteen (movable).
- Bldg. No. 17 canteen (movable).
- Bldg. No. 27 W & B maintenance.
- Bldg. No. 19 dental clinic

(b) Buildings sold to Department of Veterans Affairs:—

- Bldg. No. 1 guard house.
- Bldg. No. 3 hospital.
- Bldg. No. 4 officers' quarters.
- Bldg. No. 5 officers' mess.
- Bldg. No. 24 gas chamber.
- Bldg. No. 31 fire hall.

(c) Buildings sold to Canadian Vocational Training:—

- Bldg. No. 10 O.R.'s quarters.
- Bldg. No. 11 O.R.'s quarters.
- Bldg. No. 12 O.R.'s quarters.
- Bldg. No. 13 O.R.'s quarters.

(d) Buildings sold to city of Calgary:—

- Bldg. No. 8 O.R.'s quarters.
- Bldg. No. 9 O.R.'s quarters.
- Bldg. No. 25 O.R.'s quarters.
- Bldg. No. 26 airman's quarters.
- Bldg. No. 29 N.C.O.'s quarters.
- Bldg. No. 30 airman's quarters.

Buildings Nos. 6 and 7 under army custody held back anticipating that city might have further need for them.

Building No. 33 W.A.C. warehouse.

Outside services are not included in the price charged to the city. The price is based on normal landlord fixtures. Land is owned by the Province of Alberta and, in the lease settlement for return of the permanent buildings, namely the power house, Normal School and School of Technology, provision was made for temporary retention of the buildings used by the Crown on this land. The city, however, were sold their buildings for removal and restoration

of land but made their own arrangements with the province for temporary use of the land. Eventually all buildings will have to be removed and the land restored.

Q. 6. Asked by Mr. F. D. Shaw:

What R.C.A.F. establishments in Alberta have been turned over to the Corporation for disposal? What has been sold and how many buildings have been retained for warehousing with particular reference to Bowden, Alberta?

A. R.C.A.F. Establishments Declared Surplus in the Province of Alberta:—

- (1) Airdrie ..... This has not been sold. Valuation requested 29/5/46.
- (2) Champion ..... One accommodation building and four minor buildings. Province being notified.
- (3) De Winton .... Sold to province.
- (4) Frank Lake .... Sale under way to D.V.A. Province has released interest on this account.
- (5) Gladys ..... Sold to D.V.A.
- (6) Granum ..... This has not been sold. Valuation requested 25/5/46.
- (7) High River .... 21 buildings only, declared. Province being notified.
- (8) Holsom ..... This has not been sold. Specifically requested by province. D.V.A. has declared interest.
- (9) Innisfail ..... This has not been sold. Valuation requested 25/5/46.
- (10) Shepard ..... One hangar and one building only declared. Hangar already removed by vocational training branch. Buildings specifically requested by province.
- (11) Standoff ..... Sold to D.V.A.
- (12) Whitla ..... Six buildings declared were sold early in 1945.
- (13) Woodhouse .... This has not been sold. Valuation requested 25/5/46.
- (14) No. 8 B & G  
School, Leth-  
bridge ..... Three buildings available. Specifically requested by province.
- (15) No. 2 Wireless  
School, Calgary. For answer see Question No. 5. Bldg. 33 used as a warehouse.
- (16) Inverlake ..... This has not been sold. Requested by both D.V.A. and province. Being cleared now.
- (17) Bowden ..... Retained by Department of Transport: No. 2 hangar bldg. No. 15, 23, 25. Used by W.A.C. as warehouse: No. 1 hangar and remaining buildings. Specifically requested by province.

Subject to dominion government priority requests, all the unsold properties are being held for the province of Alberta, and cannot be offered for sale until the latter decides as to whether required for its use. This is a part of an overall negotiation which has been proceeding for some time whereby the dominion will acquire from the province certain property to be offset by the sale of properties by the dominion to the province.

Q. 7. Asked by Mr. J. Probe.

What purchases of buildings from the Corporation have been made by Trans-Canada Air Lines and Canadian Pacific Air Lines and where are they located?

A. War Assets Corporation has no record of sales being made either to Trans-Canada Air Lines or Canadian Pacific Air Lines. Canadian Pacific Air Lines are, however, negotiating for the purchase of several buildings at this time.

The Crown Assets Allocation Committee records indicate that the following buildings have been transferred to the Department of Transport at their request for the use of Trans-Canada Air Lines: —

<i>Description</i>	<i>Reported Surplus By</i>	<i>Location</i>
Hangar No. 1	Department of National Defence (Air)	Stevenson Field, St. James; Man.
Hangar No. 2	Department of Reconstruction and Supply	Stevenson Field, St. James, Man.
Engine propeller bldg.	Department of Reconstruction and Supply	Stevenson Field, St. James, Man.
Service bldg.	Department of Reconstruction and Supply	Stevenson Field, St. James, Man.
Test house	Department of Reconstruction and Supply	Stevenson Field, St. James, Man.
Overhaul bldg. (Boeing Aircraft of Canada Ltd).	Department of Reconstruction and Supply	Sea Island, B.C.
Building No. E3 (Civilian personnel)		
RCAF No. 1 (EFTS)	Department of Reconstruction and Supply	Malton, Ont.
Extension to TCA hangar	Department of Reconstruction and Supply	Moncton, N.B.

Q. 8. Asked by R. H. McGregor.

What buildings located at No. 1 equipment depot, Toronto, have been sold by the Corporation? To whom, for what purpose, and what was the sales price in each case?

A. (a) Buildings involved—Total 65 buildings.

(b) Buildings to be demolished—Total 49 buildings.

*By Mr. McGregor:*

Q. Are those buildings at the foot of Yonge street?—A. Yes, I will describe the location in a minute.

Q. Do you say to whom they were sold?—A. I am reading the statement. I am coming to that now.

Their reference numbers are:—

1, 4, 5, 6, 7, 8, 10, 11, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 30, 31, 34, 42, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 70, 71, 74, 77, 78, 81, 82, 83, 85, 86, 87, 88. As of June 1/46, of these buildings (11) have been completely demolished while (9) are in various stages of demolition.



(c) Buildings sold or in process of being sold—Total 16 bldgs. Their reference numbers are: 2, 3, 12, 13, 15, 27, 28, 32, 33, 43, 72, 73, 75, 76, 80 and 84.

Buildings 2, 3 and 80—3 bldgs., sold to the Toronto Star, Toronto, Ontario, who have purchased the land from the Toronto Harbour Commissioners for \$5,160.00.

Bldgs. No. 12 and 27—2 bldgs., sold to Toronto Home Missions Council, 139 Jarvis St., Toronto, Ontario, for \$650.00 each (for removal).

Bldg. No. 13—1 bldg. sold to Mimico Rotary Club for Boys Club, for \$535.00 (for removal).

Bldg. No. 15—1 bldg. sold to Centre Island Association, Toronto, Ontario, for \$650.00 (for removal).

Bldg. No. 28 and 43—2 bldgs sold to Geo. M. Garton, 1446 Kingston Rd., Toronto, Ont., for \$650.00 each (for removal).

Bldgs. No. 32, 33 and 84—(1 bldg.)—3 bldgs being offered to the Ontario Provincial Government.

Bldgs. No. 72, 73, 75 and 76—4 bldgs. in process of being offered to the Dymont Company Limited.

The land on which these buildings were erected by the R.C.A.F. belongs to the Toronto Harbour Commissioners from whom it was leased by His Majesty as represented by the Honourable the Minister of National Defence for Air as of the 6th day of May, 1940, for a consideration of \$1.00 per annum. It is bounded on the West by Yonge Street, on the North by Fleet Street, on the East by Sherbourne Street and on the South by Queen's Quay.

One of the clauses of the lease is that the buildings are to be removed and the ground restored to its original condition within a reasonable time following the termination of the war.

*By Mr. McGregor:*

Q. How are these buildings sold? Did they ask for tenders, or was a price set on them, or what? The reason I ask that is this. A fellow wrote me the other day and he wants to know what was to be done with these materials, and I told him that I understood a contract had been entered into with someone to demolish these buildings and retain this material, turning it over to the Veterans' Land Act. That is the understanding that I had. Whether that is right or not, I do not know. But I have had different men come to me with the statement that they had been down to War Assets and tried to purchase some of these buildings and they were told that they were not for sale. Now there must be an awful lot of confusion about it. I cannot understand why it should be.—A. I do not think there is any confusion, Mr. Chairman.

Q. Maybe it is myself who is confused.—A. The corporation has an arrangement with Wartime Housing Limited, with Housing Enterprises and with the Veterans' Land Act, that War Assets Corporation will demolish certain of these buildings and will make the resulting material available to these three companies for the building of houses. We are demolishing 49 of the 65 buildings. Some of these other buildings have been sold to private interests, I presume they were not suitable for the salvage operations we are conducting; but the 49 have been picked out as being suitable for salvage operations and War Assets Corporation is conducting these operations.

Q. What would the answer be if I were to bring them here to say that they had been down to the War Assets Corporation in Toronto and they had been told that these goods were not for sale, what would the answer be to that?—A. The 49 buildings are not for sale, we are demolishing them.

Q. Well, as to the balance?—A. There were 16 other buildings which were offered for sale, or which are in the process of being sold.

Q. Have they been sold recently? Over what period have they been sold?—A. That I cannot state off hand. I could cover that point further.

Q. I do not get very much enlightenment when I come here. Somebody says to me, why so and so has bought one of these buildings—why, right here on the answer read this morning is enumerated the names of people who have bought some of these buildings; as a matter of fact, one of the builders up in my riding was himself a purchaser of one of these buildings. What I want is something I can give to this man by way of an answer when he comes to me and says, I went down to War Assets and they told me these buildings were not for sale. Now they come along and say, so and so bought one of these buildings, in other words, I am to tell a man something that is not right because I told them that the War Assets were demolishing all of these buildings and turning them over to the Veterans' Land Act. And now, it would appear that that statement is false. That they come along and tell me, I am curious because so and so has bought some of these buildings, but when I went down to War Assets they told me they were not for sale.—A. I have stated just now in front of the committee that we are demolishing 49 of the buildings, and there were 65 buildings on the site; and the difference between 49 and 65 is 16, and I have listed the purchasers of those other 16 buildings; so we have no buildings for sale on that site.

Q. You have not right now, you have had in the past.—A. Obviously, when we have sold sixteen.

Q. Unless you can give us the date on which these buildings were sold so that I can go back to these men when they come to me and tell them that they were sold as of a certain date. If they were sold before the date of the inquiry to me; well then, well and good.—A. I can provide a statement showing the date of sale of these 16 buildings.

Mr. MCGREGOR: That will probably satisfy me.

*By Mr. Murphy:*

Q. I wonder if you could tell me a little bit about the building in Windsor referred to, Aircraft Hydraulic, you referred to that a little bit earlier in your evidence.—A. That was the Aircraft Hydraulic Building at Windsor?

Q. Yes, what was the name of the firm who made that appraisal?—A. C. R. deMara & Co. Limited. They made a check valuation of the Aircraft Hydraulic Building property in Windsor, Ontario, comprising about 400 by 176 feet with buildings containing about 40,000 square feet. I said, the fee was based on time spent and out of pocket expenses—valuation shows \$125,000, fee \$150.

Q. Does it give the location of that building?—A. Not here. It is in Windsor. I know the building but I do not know the name of the street on which it is located. I am afraid that we haven't got the name of the street here.

Q. I wonder if you could get me further particulars; was it a three storey building?—A. I do not know. If you require more specific information about that building could you let me have your questions now so that I can provide an answer?

Q. Could you take that as the question; the location, the height of the building, a description, the floor space, etc.—A. You require the location and a description of the building?

Q. Yes, and who built it.

Mr. McCULLOUGH: Could Mr. Berry tell us if the army huts at Barriefield have been declared surplus?

The WITNESS: At Barriefield—I could not reply to that offhand, I could find out for you, but it will take a little time.

Mr. MURPHY: Those buildings that were sold by the war surplus branch; Mr. Berry is not prepared to answer with respect to them?

The WITNESS: Yes. I was director general of the war surplus branch myself.

Mr. McCULLOUGH: Supplementary to my question, I would like to ask to whom these buildings were sold.

Mr. MURPHY: Following that question I just asked, I do not know whether my understanding is correct with regard to our procedure, in view of the report of the steering committee which we adopted this morning; in the light of that report would you consider that the war surplus branch would also come within the scope of the report of the steering committee, or should that be held over and taken up later. I refer to the sales made by the war surplus branch of which Mr. Berry was himself the head.

The VICE-CHAIRMAN: There would be no objection, it could be taken up right now.

Mr. MURPHY: I am not prepared to go ahead in detail on that.

The WITNESS: I think, Mr. Chairman, one justification for its being taken up now is the fact that these sales made by the war surplus branch were documented by the War Assets Corporation and might rightly be considered sales by the War Assets Corporation.

*By Mr. Murphy:*

Q. That is the sale of land as well as buildings?—A. Yes.

Q. And the sales by the war surplus branch are not shown here?—A. They are in here, in this list of sales.

Q. Would there be much trouble in providing the committee with a list of sales made by that branch?—A. All those sales were documented through the War Assets Corporation and part appear in the main listings that we have put in here.

Q. And your listings would include all the sales by the war surplus branch?—A. Not of necessity all the sales. For instance, a lot of those sales—I filed a list of the sales of properties and buildings. Quite a large percentage of those sales were made by the war surplus branch.

Q. Yes. Well now, for months prior to the operation of the war surplus branch who made sales of the land and buildings?—A. I do not know of any sales prior to that date.

Q. Weren't the sales made by the department?—A. Not to my knowledge.

Q. Then all the sales of lands and buildings were either made by War Assets or the war surplus branch?—A. I can only repeat, I have no knowledge of sales made other than by the War Assets Corporation or by the war surplus branch.

Q. Then what I am driving at is this, would there be any other sales made by the Department of Munitions and Supply, we will say, of which you have no record?—A. I have no record of any such sales.

Q. Could such sales be made without your having a record of them?—A. I am not in a position to answer that question.

Mr. McILRAITH: I think perhaps I can help Mr. Murphy on that point. When the question of disposals came up either by the War Assets Corporation through its set up, or through the war surplus branch, they all came through the War Assets Corporation, or War Assets Limited, and they are all shown in here. There is an order for return in the House the answer to which is being prepared which will show all the sales from I think September 1939—subject to correction, I am speaking from memory only.—It may take some time to get this because it covers the whole story. But my impression is that there were no buildings at all sold otherwise. I do not know of any offhand, at the moment; certainly no industrial plants were or anything of that nature. That, in any event, is



being checked up and will come forward in the return. It has been delayed to date because there may be the question of certain other goods, like surplus materials or something of that kind, that was sold during the period of war operation. That I think will squarely cover the point he has in mind.

Mr. MURPHY: We can take it from that, that no other sales were made.

Mr. McILRAITH: As I say, that is being done as quickly as possible. At the moment I know of no other sales of any other buildings other than what would have come through those channels; certainly, no commercial plants.

The WITNESS: I think it might be helpful, Mr. Chairman, if I might add that the war surplus branch was established primarily to make sales of what we term custodian properties; for example to a company which was operating crown owned plant during the war period. The branch was set up to deal specifically with the sale of plants of that type to the operators of those plants.

Mr. HOMUTH: So it would come to War Assets to complete the transfer of the property on behalf of the government.

The WITNESS: Correct.

Mr. MURPHY: There is another question comes up there which we could probably clear up this morning, that is the proper wording of the question which I asked you the other day. Have you the question before you which I put at that time? It had to do about sales made on the recommendation of the department, and it was suggested that it could be cut down quite substantially. It had to do with the matter of bids on buildings, and I believe that a request was made that the question be restricted. Have you got that question there?

The WITNESS: I haven't got the original with me here this morning. We are still working on it.

Mr. MURPHY: I wonder if the clerk and I could get together on that. I was going to put the question on record this morning, but we get together between now and the next meeting on it.

*By Mr. McGregor:*

Q. I wonder if Mr. Berry could tell us just now: When you have a building that is being sold you have a board which puts a value on the building, is that right?—A. It might vary. I think I filed a statement on the policy of the real estate department which outlined policy generally and refers to certain groups, there were some ten or eleven different procedures each applicable to certain circumstances.

Q. Well then, I wonder if you would tell us what procedure was followed by the war surplus branch as regards the valuation of buildings for sale?—A. In the main I believe it is group 1, in the statement which I submitted. That is the policy which was followed by the war surplus branch.

Q. A value was set on those buildings and you asked for bids on those buildings, and so on and so on. How would it come about; I mean the buildings that were operated by private companies for the crown?—A. In the main those buildings that were sold by the war surplus branch came within this group, as set out in the statement which I prepared for the committee which was headed, "Policies established by War Assets Corporation for the disposal of real estate and buildings".

The VICE CHAIRMAN: Which appears at page 506 of the Minutes of Proceedings.

The WITNESS: Correct. That covers industrial plants and buildings which are subject to options or restrictive clauses, which in turn do not permit of free sale; and (b) are part of or adjacent to a manufacturer's plant. In the main, the operation of the war surplus branch was governed by this policy.

Mr. SMITH: I have certain questions which I would like to ask this witness, Mr. Chairman, and I am drawing them to his attention now so that he may be informed and fortify himself to meet them. They deal with the sales of the John Inglis plant, the York Arsenal and the Algoma Steel Company. When we ultimately arrive at the point of discussing such companies I want Mr. Berry to be prepared to answer these questions.

The WITNESS: There is a statement already on file on the John Inglis sale.

Mr. SMITH: I want a little more history on them.

Mr. MCGREGOR: Could you tell us to what page in Hansard you are referring?

The VICE CHAIRMAN: That is page 586. The order of discussion has not reached that point yet, Mr. Smith; if you will just hold it.

Mr. SMITH: I was just intimating to Mr. Berry that at some time I intend asking questions about those properties.

Mr. McCULLOUGH: Mr. Chairman, Mr. Berry made reference to the resale of certain commodities sold to different companies. Is there a regulation regarding the resale of property? My understanding is that in the case of Fairmiles if they are resold the price is increased, that is there is an additional amount payable to War Assets. Are there any regulations regarding resales of these commodities?

The VICE CHAIRMAN: If your question is not relative to any answer given today it will not be in order at this time, Mr. McCullough.

Mr. HOMUTH: I think the question is relative, Mr. Chairman, because the question is that under the agreement of sale of Fairmiles if these boats were resold, then the cost to the original purchaser from War Assets was increased; the question asked now is, in the case of lands and buildings that are purchased at a price just for speculative purposes and resold is there any such restriction?

The WITNESS: In certain cases there are regulations. In quite a number of sales it is specified that the building sold is not intended for resale but for the use of the purchaser. We also have a similar regulation which we place on priority sales, but in relation to buildings and commodities for housing or similar purposes, when we permit resale when purchased by municipalities, provincial governments and other recognized priority claimants.

Mr. McCULLOUGH: Then I am to understand that in the case of factories they cannot be resold, you restrict that by specific regulation?

The WITNESS: There are two or three categories. If we sell them to the custodian on relatively a priority basis, then we specify it is not intended for resale, and that it is for the use of the purchaser. If it is a factory that is offered for sale by tender or offered for open sale then we have no right to put that restriction on it if we accept the highest or any tender. A man may buy it for what purpose he thinks. For instance, if I offered to sell a building to you and I offered it for tenders or bids and yours was the highest bid and you purchased the building on that basis, you would not expect me to come along and put restrictions on your purchase of that building saying that you could not resell it. But if you came to me as the operator of a plant and said I want to buy this building to carry on my operations in peacetime, then I am entitled to put a restriction on the property that you want it for your own use, because that is the representation you made to me.

Mr. McCULLOUGH: But in the case of the Fairmiles which were bought for private use, or yachts, you put restrictions on the sales made on them.

Mr. McILRAITH: But they were not tender sales, they were fixed price sales.

Mr. MURPHY: Mr. Chairman, earlier in Mr. Berry's statement he refers to purchases by the Saskatchewan Reconstruction Corporation. There was a question which I asked with respect to purchases by that corporation.

The WITNESS: An answer to that is being prepared now. I have not got the answer ready yet.

Mr. MURPHY: When do you expect to have it?

The WITNESS: I really could not tell you. I have so many questions being answered at the moment, and I haven't given any of them any priority. They are being brought forward as fast as they can be prepared.

The VICE CHAIRMAN: Our next order of discussion, gentlemen, is the appendix which appears on page 581 of the Minutes of Proceedings and Evidence, and which relates to the disposal of certain lands and buildings by the corporation at a price less than fifty per cent of the original cost. This was submitted in answer to a specific question asked by a member of the committee, but it could not be taken up any earlier.

Mr. MCGREGOR: Before we proceed to that, Mr. Chairman; we probably are not prepared to go on with the sale of these buildings at the present time, but there are one or two points that I wanted to go into; namely, the buildings that were secured by resale to John Inglis. I do not think we are prepared to go into the disposal of those buildings today.

The VICE CHAIRMAN: Are the buildings to which you refer mentioned in this appendix?

Mr. MCGREGOR: I do not think so. These are buildings that were sold by the war surplus board.

The WITNESS: They would be included in the appendix.

Mr. MURPHY: They are included in here?

The WITNESS: Yes.

Mr. MCGREGOR: We can reserve our right to go into that later.

The WITNESS: I do not think the research ones are included; the York Arsenal and the John Inglis ones are included.

Mr. MCGREGOR: They are?

The WITNESS: Yes.

Mr. McILRAITH: With reference to two of the sales of the Research Enterprises buildings, the answer to one was supplied on April 16th, and the answer to the other was given on May 23rd. There is still another answer coming forward.

Mr. MCGREGOR: What I want to know before I am through is how they arrived at the selling price of the John Inglis building; that was the building which cost \$1,767,992 and sold for \$510,000. I would like to know how they arrived at that price. I presume you haven't got the figure available now but we could have it some time later.

The WITNESS: I think the basic reason as to how that price was arrived at is included in this statement.

Mr. MCGREGOR: We can go through the statement and come back to that later.

The VICE CHAIRMAN: You will remember, gentlemen, that this order of business was called at the last meeting and held over until today to give the members an opportunity of going over the statement fully so they would be able to discuss it today.

Mr. MCGREGOR: If you want us to discuss it today, we can discuss it today.



*By Mr. Stewart:*

Q. Mr. Chairman, in connection with the information shown here about the Ayerst, McKenna and Harrison Limited, St. Laurent, P.Q., I believe that was the sale of a manufacturing plant that was turned over by the crown to the custodian. There are certain questions with respect to that which I should like to direct to the witness. I know that many of them are no doubt within his knowledge as president of War Assets Corporation, but perhaps he could provide answers with respect to such matters as he may have knowledge at his early convenience. I understand that this company was manufacturing penicillin in Canada; what is the present total output that it is supplying?—A. I have the answer here to some of these. It was the understanding of the War Assets Corporation that the company proposed to manufacture penicillin when the property was purchased. I have no information as to what the percentage of total output would be.

Q. Supposing it does not go ahead with the manufacture of penicillin, have you any recourse?—A. No.

Q. When you sold them these buildings it was the understanding that they were going to continue to manufacture this produce in quantity?—A. Yes.

Q. And in that case you would not know the answer to my other question as to how prices and costs compare with the prices and costs arrived at when the plant was operated by the government; and you would not be able to answer the next one either; is sufficient penicillin being manufactured in Canada for all purposes and possible contingencies?—A. No.

Q. I would like to know, this was a very vital commodity, this plant was sold to this company for the manufacture of penicillin and we are entitled to know what has been done; now, the policy of the War Assets Corporation is to demand 20 per cent cash on sale. Why was that not done in this instance?—A. The sale was made for payment over a period of two years, and as of June 15 of this year payment had already been made on account of principal amounting to \$57,512. According to the terms of sale it was not considered necessary to include the 20 per cent cash clause.

Q. What was the purchaser's first offer?—A. \$125,000, including the land.

Q. And the price eventually reached \$200,000?—A. Correct.

Q. Can you tell us what were the financial results of the operations of the crown owned plant?—A. I am afraid not.

Q. Can you tell us how much of the equipment is still being used by Ayerst?—A. I cannot tell you that either.

Q. And I would like to know if the statement made by the witness on page 507 where he refers to certain principles, is applied:—

The basic value may be subject to further adjustment, after consideration of the ability of the prospective purchaser to make use of the buildings, in accordance with the facts submitted, and of the following economic questions, in conjunction with the Department of Reconstruction and Supply.

Will the proposed use of the property:—

- (i) increase the possibility of employment?
- (ii) provide for the manufacture in Canada of a new product previously imported?
- (iii) substantially improve working conditions as compared to existing operations?
- (iv) provide facilities which will permit of more economic operations, as compared to existing operations?
- (v) provide desirable manufacturing facilities to meet anticipated increases in the domestic or export market?
- (vi) provide a desirable redistribution of industry and employment?

In the light of that statement could the witness tell us whether the best wage rates compare with wage rates paid in crown owned plants?—A. I am afraid I cannot.

Q. Have you any way of checking up on that?—A. We have been discussing among senior officers of the corporation the necessity of setting up a small part of our organization to follow up on contract terms to find out if the contractor is living up to his either implied or actual obligations.

Q. These would be followed. But in any event if you did make any check up to see whether the purchaser were living up to his obligations, you would have no way of enforcing them?—A. I do not think we would have any legal method of enforcement of any of these terms.

Q. Do you know how many are presently employed at the plant?—A. I am afraid I do not.

Mr. HOMUTH: Mr. Chairman, surely no one would suggest that War Assets sells these industrial plants; when a man sets up an industry that War Assets is going to be responsible for what rate of wages are going to be paid. Surely that is no part of War Assets.

Mr. STEWART: I agree that War Assets should not be made responsible for the enforcement of the provisions of these contracts in matters such as the payment of wages, but I do think that when a conditional sale is made to companies, as in this case, there should be some means of seeing that the purchaser lives up to the agreement.

The WITNESS: Before I could give a specific answer I would have to examine the contract in each individual case and take legal advice as to how it could be enforced. There are certain obligations in contracts which are legally enforceable, and there are certain types of obligations that we write into contracts which may not be legally enforceable.

Mr. STEWART: Yes, you write them into the contracts, you include all the points under the six headings to which I have referred; but about as far as you can go is to say that you expect a person to live up to those obligations.

The WITNESS: I may not write those terms into the contract, but we may have a moral understanding with the purchaser at the time of purchase.

*By Mr. McCullough:*

Q. I am not clear on this. Are there any such regulations written into any contract, such as Mr. Stewart outlined here, taken from your statement on page 507?—A. I am afraid I did not catch that, I am sorry.

Q. I will repeat, are there any contracts in which regulations governing procedure of plants and their responsibilities as outlined in these six clauses in the statement which appears on page 507, are written in?—A. I cannot answer that specifically. In most contracts of this kind you will find they are covered in some form or other, either in the sales agreement or by letter. You will probably find representations made by the company that it would actually do so and so, and so and so.

*By Mr. Stewart:*

Q. In referring to the statement in the appendix (581), apparently the value of the plant was reduced very considerably, and a good deal of the equipment was scrapped. I notice the total cost was \$710,681.27. Was that cost included in the figures given in the final adjustment?—A. No. It is my understanding that the total investment in the plant by the crown was \$852,764.07, and part of this was written off during operations, and part of it is still in the plant and not yet sold.

Q. It still belongs to the corporation?—A. It still belongs to the corporation.

Q. And it will ultimately be sold or scrapped?—A. Quite. There is a history attached to that. In the early days of this operation the manufacture of penicillin was by a process which was called the bottle culture method; that was by the use of a relatively large number of milk bottles in which they developed the culture. Progress was made in the methods of manufacture and they now develop the culture in what is known as a deep culture process. The result is that there are thousands of milk bottles there not being used and awaiting disposal. Today they are simply of no value.

Q. There were 140,000 milk bottles used.—A. A portion of it was in the milk bottles, and I understand that there were horses and stables in there that are not required, and that type of thing.

Q. And in connection with the sale of Anaconda American Brass Co. Limited, how did you arrive at the price at which it was sold?—A. The price at which it was sold was the price established by the crown.

Q. Were other tenders invited?—A. No. Anaconda American Brass Limited had an option to purchase this plant at the price to be established by the crown. Tenders were not invited.

Q. You state here, "certain items included in the total costs shown above were not considered as part of the buildings. These were eliminated as not having any recovery value in the event of the sale of the buildings"; and then, you go on to list engineering fees, machine foundations, and power wiring, making a total of \$138,309.32. Then you go on to say, "certain special war features of no commercial value were also eliminated." Can you tell us whether any of those facilities are now being used by the company?—A. That, I do not know. You would like to know whether the company is actually making use of those facilities?

Q. Yes.—A. That I cannot tell you.

Q. Because they did not pay anything for them, because of that they were taken off the total value.—A. It was taken off the total value for the purpose of computing the sale price.

Q. Which would mean that they were paying something for them?—A. No. This is a formula adopted by us for arriving at a reasonable sale price to the purchaser.

Q. But it must have been of some value to the company, the company are using it; some value should be placed on the machinery.—A. That is the formula that we have used for arriving at the sale price, and when the company pay at our agreed price which we arrive at, they take title to all the stuff. Whether they use it or not is their business.

Mr. McILRAITH: That is the \$455,000 of which you are speaking?

Mr. STEWART: Yes.

*By Mr. Murphy:*

Q. On that same question referring to the Anaconda; I notice that Anaconda had an option to purchase, has the right to purchase or a refusal of the price established by the crown. They refused the first price you established, did they not?—A. I think it was the other way around. We refused the first offer that was made.

Q. Under this agreement apparently they tried to make an offer before you established the price, do you recall what that first offer was?—A. It was eventually established by negotiations between both parties.

Q. And it was carried out in accordance with the original agreement?—A. Yes. Eventually the price was established by the crown. Whether that was established by the crown independently or in consultation with the manufacturer I do not think affects the original agreement.



Q. Do you use your own officers within the corporation in establishing the sale price instead of using valuers? You do not use outside valuers?—  
A. No.

*By Mr. Stewart:*

Q. Do I understand that the crown did not establish a price until it had come to an agreement with the company?—A. The price was established here in agreement with the company.

Q. And the price first offered by the company was not accepted?—A. No.

Mr. McILRAITH: This was a plant that was really built right in with the rest of the Anaconda Brass Company's own property.

The WITNESS: I believe so, yes.

Mr. McILRAITH: The land was originally purchased from the Anaconda Brass Company and made available. It was really part of the one plant. This war plant which we are now discussing, and the Anaconda Brass Building which they operated and owned privately—it was really all part of the one building; is that right?

The WITNESS: I have not inspected the plant, but according to my recollections, yes.

*By Mr. Shaw:*

Q. As I understand this situation as it has been brought out in evidence it is this, that where a company operates a crown owned plant in conjunction with its own property the crown install the plant and its equipment and turn it over to the company to operate as a war project. When that is done they are given an option to buy the plant extension, at least they have a right to first refusal of the price set on such a plant. In cases where they refuse to meet the price set, or where the first offer is not satisfactory to you, as I understand it you enter into negotiations with respect to the sale with that purchaser, and with other purchasers?—A. That would all depend on the terms of the agreement. If the terms of the agreement provided that if they refused to meet the government price we could go ahead with the disposal of the plant, we would then go ahead and sell it.

Q. I believe I asked you some time ago that we be supplied with certain information with respect to a situation in Calgary. I understood you to say that negotiations were still in progress with a view to determining the exact terms of the purchase agreement. I would like very much to know what offer that company made to the government; whether they exercised their option to buy at the government price; and if they refused to purchase I would still be interested in learning the price.—A. There will be a statement on the Calgary situation in due course. The deal is not yet concluded so I cannot make a statement until it is.

Q. That will be all right. Later on will do.—A. When these plants are all tangled up with the properties of the companies operating them, and they do not want to buy the stuff that is in them, I cannot simply sit down and say how much they are worth. The only way we have of establishing a value is through negotiations with the intending purchaser.

Mr. HOMUTH: Well, Mr. Chairman, while I am not here to answer questions for Mr. Berry, I think we have got to be fair about these things and have a proper understanding as to what the situation is. I have plants in my riding, or additions to plants in my riding, built right on to the original plant, paid for by the government, heated from the original heating plant of the old company, and the only persons to whom such buildings would be of any use would be the one who owned the original plant; they are the logical people

to buy it, even if they get it for next to nothing because it means employment; and it means little or nothing to anybody else for anyone outside to buy it; that would mean that they would have to install their own heating system and everything that goes with it. I think we should be very reasonable about these things and try to understand just what these situations are. Personally I think perhaps we are wasting a lot of time in this committee in going into matters such as this which are simply pure matters of business; and in every case of which I know in my district at least, negotiations are carried on and it means quite an amount of employment.

Mr. STEWART: I do not think there can be much argument about that, Mr. Chairman; nevertheless, when it comes to a question of the sale of a plant for about 45 per cent of its cost, I think we should know what is going to be done with the building and also what employment it is going to provide.

Mr. HOMUTH: I want to put myself on record as being absolutely opposed to War Assets selling any plant to any industry in this country and then having the power afterwards to dictate what unions the men may belong to, what moral obligations there are to be as between the men and the company, or what wage they are going to be paid. These are matters between the employer and the men. And if we are going to set up a corporation of this kind that is going to sell these industries and then dictate all the terms of employment and everything afterwards, then we might just as well socialize the whole damn industry of the country. I am opposed to War Assets getting into any operation of that kind.

Mr. McCULLOUGH: Mr. Chairman, I think the gentleman who has just spoken is perhaps off the beam a little bit. We are not trying to do anything of the kind he suggests. I want to go on record that in some cases where there were certain types of buildings which were sold at what we might call ridiculous prices, and where the resale of these buildings would be logical if certain companies do want to operate them—we are here as a committee trying if we can to effect economies which can result from the post-war policies of the War Assets Corporation. I think we should have the information, that we are entitled to it. We should have assurance first, that the resale of these to certain corporations was justified; and when we have a write-off up to 50 per cent on some of them, we should know the reason for that having been done. And I think Mr. Stewart has said too that if such sales are going to be made at greatly reduced prices and there are certain obligations which certain companies undertake, that we should have the information as to whether or not they are doing the things which they have morally agreed to do; such as more adequate employment, conversion to produce things needed for peace, etc. As far as I am concerned as a member of this committee that is what I want to know.

Mr. GOLDING: Mr. Chairman, surely the War Assets Corporation has no thought in its mind, and are making no plans to dictate to any company what wages they are to pay and that sort of thing. That is not in your program of sales, is it?

The WITNESS: No. In my present policies we have no applicable procedure, nor have we any intention whatever of getting into that field.

Mr. GOLDING: That is what I meant. I could not conceive of a situation where you were going to dictate to somebody what wages they were going to pay and everything, because those are things which change from day to day and from time to time. The manufacturers have their own troubles as well as anybody else, and they have no way of knowing what they are going to run into, or what conditions are going to be from one year to another. I

think a manufacturer would be very foolish to take over a plant with any conditions of that kind attached to it. I do not know what my friend Carl Homuth has to say about that.

Mr. STEWART: There seems to be a difference of opinion here as to what Mr. McCullough means and what Mr. Homuth has referred to, but I do suggest in all seriousness that when a corporation takes on a contract providing certain stipulations that there should be some means of ascertaining that those undertakings are lived up to.

Mr. GOLDING: Surely you would never get a corporation to go into a thing of that kind, you would not do it yourself.

Mr. STEWART: We have outlined to us here the policy the corporation is following.

Mr. SHAW: I think this is the proper time to find out if War Assets have any authority whatever to interfere once they have sold an enterprise. Where they have made a sale in which certain undertakings are clearly set out I would expect that War Assets Corporation would endeavour, in so far as possible, to see that those undertakings were carried out by the people operating the plant. I have one or two thoughts in mind in connection with that; for instance, one point I would like to get some information on is whether or not there are manufacturers who are anxious to acquire buildings, plants and properties for the sole purpose of eliminating and controlling competition. I think that is an angle to which War Assets Corporation should give some consideration, and I think that is a matter on which War Assets Corporation should give us some statement of policy.

Mr. MURPHY: I wonder if the witness has the answer to Mr. Stewart's question about Anaconda Brass?

The WITNESS: I think the question as originally put was, what was the first price offered by Anaconda? I have a statement on my file here indicating that the first price offered by Anaconda was \$365,499.22.

Mr. STEWART: And you worked that up to \$455,000.

The WITNESS: Yes. The date of the statement on my file is June 8, 1945. I can assure the committee there is always a first class battle on this stuff before any sale is made. As indicating that there is this file covering my negotiations with Anaconda, and you can see that it is approximately two inches thick.

Mr. MURPHY: Does that go with the sale.

The WITNESS: No sir, these are official records.

Mr. MURPHY: They might be worth more than the building at the sale price.

The WITNESS: Personally I would rather have \$455,000 than the file.

Mr. MURPHY: I cannot agree with you on that either.

*By Mr. Stewart:*

Q. Mr. Chairman, in connection with the sale of Dominion Engineering Works, I observe that the sale price was arrived at by charging approximately 65 per cent of the costs of construction, 35 per cent of costs of cranes and hoists and 25 per cent of costs of services, and that there was no recovery on installation costs and old building removal costs. Again I would like to ask the witness, was the figure arrived at by the corporation in consultation with the company?—A. It was the figure arrived at by the corporation itself. That 65 per cent is relative to the return we had been getting on buildings sold to the occupier. I think we were running at that time about 60 per cent. The



cranes and the hoists is relative to the amount that we have been getting on production equipment generally. It is now running I think 34·9 per cent of the original cost. And the 25 per cent of costs of services was an arbitrary figure established by the corporation.

Q. Does that mean that the 65 per cent, the 35 per cent and the 25 per cent realized had no relation to the depreciated value?—A. That is related to the original cost, and it was relative to the prices we were receiving for property as of that time.

Mr. McCULLOUGH: Are we to understand from that that it was 35 per cent of—what?

The WITNESS: It was 35 per cent of the original cost. It happened that in this case we had the original cost. We used these original costs in these two cases as the basis for calculating the sale price of these custodian sales.

Mr. STEWART: When you offer property for sale do you have any regard to the value of the property as depreciated, or do you merely take the average of prices you are getting for similar properties.

The WITNESS: In calculating the sale of this type as a whole we have taken our average price for similar types of property and used that as a basis.

Mr. MURPHY: On page 584 is your reference to Dominion Magnesium Limited. Here again I am afraid we are going to run into this question we were discussing this morning, about the responsibility of War Assets under its agreement with the purchaser. In that particular contract there would seem to be some grounds for the argument that this committee would expect War Assets to continue to see that the agreement it had entered into was lived up to. This particular agreement involves the actual responsibility on the part of War Assets to see that the purchaser lives up to his undertaking to sell stock on hand as on May 1, 1945, and there are certain other commitments in regard to the operation of the plant and the provision of improvements and additional equipment. Do you see any objection, Mr. Berry, to your producing the agreement between War Assets and Dominion Magnesium Limited?

Mr. McILRAITH: The Dominion Magnesium agreement has been placed on record in the House. That was all produced in reply to an order for return; I think one by Mr. MacNicol and one by Mr. Casselman. Anyway, they are on record in the House.

Mr. MURPHY: Then there is nothing to be gained by asking Mr. Berry to produce them here.

Mr. McILRAITH: The construction and the operating agreement I think are both in *Hansard*.

*By Mr. Murphy:*

Q. As I understand it, you are still under an obligation to see that the agreement is carried out?—A. I think I stated previously that the corporation had been discussing the setting up of a small part of its organization to inspect performance against agreements. Whether we have any legal position whereby I can enforce those agreements or not in certain circumstances, I do not know.

Q. It would seem in this case, Mr. Berry, that you must have some authority, because otherwise you would have to accept the statement of the purchaser—you are agreeing to take certain payments for magnesium sold.—A. Right.

Q. There seems to be some responsibility here under that agreement.—A. We have a responsibility there very specifically. The purchaser has undertaken to make certain sales and collect certain monies and we have the responsibility there of auditing his books, or the auditor general would do that.

Q. That is what I was just coming to.—A. On the financial implications of this agreement we have very definite obligations, but on what you might term moral obligations I do not know how far our legal rights would go.

Q. Would you accept the company's figures as to these sales at one cent per pound?—A. Not of necessity.

Q. Then, are arrangements being made by War Assets to see that this purchaser lives up to his agreement?—A. We are examining the situation now to see what machinery is necessary adequately to police these agreements.

Q. Are there many like this?—A. Not a great many. I have here the sales agreement with Dominion Magnesium Limited and I would like to read one clause relative to the sale:—

It is understood and agreed that, as a condition of this agreement and the sale hereunder of the property, the purchaser shall, within two years from cessation of hostilities in the war in which His Majesty is engaged, provide or carry out at its own expense improvements and installations to or at the property or elsewhere in Canada for use in connection with the operations and production processes carried on at the property at a cost of not less than \$500,000; provided that if suitable equipment, material or labour for such improvements and installations are not available to the purchaser or owing to fires, strikes, embargoes, governmental restrictions and/or controls the purchaser is not able to complete such improvements and installations within the said two years the period therefor shall be extended by the time during which the work was delayed by any of the causes above mentioned. The Minister and any duly authorized representatives of His Majesty shall have access to such improvements and installations during the course of the work and upon completion for the purpose of viewing the same.

Q. Just following that up are there many corporations that are going to entail any lengthy supervision or inspection by War Assets?—A. Not of necessity by War Assets or there may be a success, government department which will take that over.

Q. You do not know how far into the future these agreements will extend?—A. We have sales agreements for certain real estate now involving payment over a period of fifteen years.

Q. And as to the operation of plants you would not be prepared to say how far they would extend into the future?—A. I am afraid not.

Mr. STEWART: Is not that case another violation of the policy stated by you?

The WITNESS: I think I explained here when I presented this statement on policies that these policies applied in practically 90 per cent of cases, but that of necessity they could not apply to 100 per cent of cases because a certain amount of discretion had to be left to executive officers. This happens to be one of the cases which comes within the ten or fifteen per cent of matters of a kind which could not be dealt with completely under the policy as outlined, but of necessity involved the exercise of a certain amount of discretion on the part of officers of the corporation.

Mr. McILRAITH: I think it is fair to say that this was one of the very early sales.

The WITNESS: And it is quite complicated too, because it is a complete operation rather than a series of buildings or that type of property.

Mr. McCULLOUGH: I would like to ask Mr. Berry if he has any inventory of the products on hand as of May 1, 1945, which this company agreed to sell.

The WITNESS: I think it is somewhere in the file here.

Mr. McCULLOUGH: You have it in the file?

The WITNESS: I might add that an inventory was taken at the plant at the time it was turned over to Dominion Magnesium Limited, and I believe that the Auditor General of Canada had a representative there at the time.

*By Mr. Stewart:*

Q. Could you tell us how this price of \$1,400,000 was arrived at on a plant which cost \$3,461,860.73?—A. It was a matter of negotiation all the way through the piece.

Q. By War Assets or Munitions and Supply?—A. It was carried out by the Director General of the War Surplus Branch which was just acting relatively as agent for War Assets Corporation as the official sale was documented through War Assets Corporation.

Q. Was the agreement approved?—A. In all cases it has to be approved by the minister, and we act as agents for the minister in the matter of approval. We report to the minister, so anything we do we may presume has the approval of the minister.

Mr. MURPHY: Mr. Berry, following up the question I just asked, the reason I enquired about the sales of this stock pile was because I wanted to know whether or not it was to be added to the purchase price.

The WITNESS: I believe not. In other words, the figure agreed upon with the Dominion Magnesium Company was for the purchase of the plant, not including the stock pile which they agreed to sell for our account.

*By Mr. Stewart:*

Q. The stock pile is separate?—A. It is a separate transaction. The company is selling the stock pile as the agent of the War Assets Corporation.

Q. Are you paying any commission?—A. I do not believe there is any commission and I do not think the purchaser is being paid. In checking through the agreement quickly, I do not see any mention of any commission.

Q. Have you got the inventory?—A. I haven't got it here.

Q. When you are looking that up would you also find out what the other commitments were, other than what you have read, as part of the purchase price?—A. The other commitments made by the company to the crown?

Q. The purchaser undertakes to sell certain products on hand, and I take it that he undertook certain other commitments in regard to the operation of the plant. I mean, what other commitments are there other than what you have read?—A. There is a long agreement in here.

Mr. McILRAITH: The agreements are already filed.

Mr. MURPHY: Let us have the inventory.

The WITNESS: I do not think I have that here.

Mr. MURPHY: Would you mind getting that, Mr. Berry?

The WITNESS: I will, yes.

Mr. SHAW: Mr. Chairman, I understood that questions with respect to education would come up today.

The VICE-CHAIRMAN: The educational brief is to follow.

Mr. SHAW: I was prepared for it.

The VICE-CHAIRMAN: It is one o'clock, gentlemen. At our next meeting discussion will continue on this same subject matter and as soon as we are through the witness will give a brief on the disposal of equipment for educational purposes. The Committee stands adjourned until next Thursday morning at 11.00 o'clock.





Gov. Doc  
Can  
Comm  
W

Canada. War Expenditures 1946

(SESSION 1946  
HOUSE OF COMMONS)

CA1XC2

-46 W12

(SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 24

THURSDAY, JUNE 20, 1946

WITNESSES:

Mr. J. H. Berry, President, War Assets Corporation.

Mr. H. R. Low, Assistant to the President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946





## MINUTES OF PROCEEDINGS

THURSDAY, June 20, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Vice-Chairman, Mr. Cote, presiding.

*Members present:* Messrs. Bradette, Cote (*Verdun*), Golding, Homuth, Isnor, Jackman, Marier, Marquis, McCullough (*Assiniboia*), McGregor, McIlraith, Reid, Shaw, Stewart (*Winnipeg N.*).

*In attendance:* Mr. J. H. Berry, President, and Mr. H. R. Low, Assistant to the President, War Assets Corporation; Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

Mr. Berry was recalled. He read into the record further answers to questions asked at previous sittings and was examined thereon.

Following Mr. Berry's examination, Mr. Low was called and presented a brief on the disposal of surplus material and equipment to educational institutions.

At 1.00 p.m., witness retired and, the Committee adjourned until Tuesday, June 25, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 20, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Vice-Chairman, Mr. Paul E. Cote, presided.

The VICE-CHAIRMAN: Would you care to take the chair, Mr. Isnor?

Mr. ISNOR: Would you be good enough to carry on, please, Mr. Cote, until such time as I have been able to get the continuity of the evidence.

The VICE-CHAIRMAN: Very well.

Order, please. The witness has a few answers available, and I will ask him to proceed.

**Mr. J. H. Berry, President, War Assets Corporation, recalled:**

Mr. REID: Are you dealing with all the answers now; because unfortunately I was not here at the last meeting having to attend the committee on Indian Affairs, and I did want to hear the answers to questions by Mr. Berry. There is one of the answers with respect to which, as far as some of the information goes, the answer was not correct. I was wondering if he would care to deal with that matter now, because I think the committee requires more information. I am sorry to bother you about this, but this was one of the answers which was handed in.

The VICE-CHAIRMAN: I would prefer that discussion would take place on the answers which Mr. Berry will give today.

Mr. REID: This is an answer which he gave at the last meeting.

Mr. MCGREGOR: Mr. Reid could put that on *Hansard* and have it answered at our next meeting.

Mr. REID: I bring it up because it affects something in my own riding.

The VICE-CHAIRMAN: You mean something which has come up since the report of the last meeting?

Mr. REID: No, I was looking it over and I copied out the answers he gave. It was an answer to a question asked by Mr. Marier, and the answer seems to me to require some explanation and I thought I would take this opportunity of bringing it up.

The VICE-CHAIRMAN: Then would you put on record immediately your request for supplementary information in regard to that answer?

Mr. REID: The question asked by Mr. Marier was:—

Have two or more offers been received for the same building from prospective purchasers engaged in the same type of business?

And the answer by Mr. Berry, and I quote exactly from *Hansard*, was:

To provide a hundred per cent accurate answer to this question would involve the minute examination of all files involved in the sale of real



estate and/or buildings at considerable cost to the Corporation. A preliminary examination of such files on which it was considered applicable information would be maintained shows only two buildings for which offers were received from prospective purchasers engaged in the same type of business.

My question to the witness is: is that information correct, and what two firms in the same type of business made application for that plant?

The WITNESS: I think that is further clarified in the answer. Mr. Reid has not read the complete answer. I go on to say:—

One of these was the Canadian Pacific Air Lines building in New Westminster, which was required by two companies, both of whom wished to go into the production of plywood and prefabricated houses and the plant known as the Electro-Weld Metal Products Limited, of Vancouver, which was required by two producers of chain.

*By Mr. Reid:*

Q. My question is, what two companies made application who were engaged in the manufacture of prefabricated houses?—A. That is another question and was not part of the question as asked at the time.

Q. I wanted to ask my question, and I will keep on asking it, and, if necessary, I will bring this matter up forcibly before the committee.—A. I will be very glad to supply the names of the applicants for that building.

Q. And I want to see the sales contract and the prices offered; and I also want a reply to the question as to when the agreement was signed turning it over to the present company; and if it has been signed and full particulars.—A. I will supply that.

The VICE-CHAIRMAN: Will you proceed with your answers, Mr. Berry?

The WITNESS: The first was the question asked by Mr. Murphy on June 18:

Location and description of the Aircraft Hydraulic Supplies Limited plant at Windsor, Ontario, together with the name of the contractor who originally constructed plant?—A. The plant was constructed to facilitate the manufacture of aircraft hydraulic assemblies. The general contract was awarded the firm of Dinsmore-McIntyre of Windsor after tenders had been called from a number of firms. Construction was commenced in September 1942 and completed in March 1943.

*Location:* Aircraft Hydraulic Supplies Limited, 1370 Argyle Road, Windsor, Ontario.

*Description:*

*Land:* 1.62 acres.

*Buildings:*

- (1) *Factory Bldg.* ..... 32,517 sq. ft.  
 117' 2" x 262' 2"—Height 13' 0" floor to bottom of trusses.  
*Construction*—Wood columns at 20' centres.  
 Three bays of 35', 40' and 35'.  
 Roof— $\frac{1}{2}$  insulated with standard tar and gravel roofing.  
 Brick walls.  
 Wood sash.  
 6" concrete floor—Armoured floor finish.

- (2) *Office Bldg.* ..... 7,930 sq. ft.  
 39' x 101' 8"—two floors each 11' 0" high.  
*Construction*—Concrete footings.  
 External brick and concrete walls.  
 Reinforced concrete columns—beams and slabs to second floor.  
 Wood posts, beams and joist to roof.  
 Asphalt and tile floor.
- (3) *Heat-treat Rooms* ..... 959 sq. ft.  
 26' 10" x 35' 9" x 18' high.  
 Foundation—12" concrete.  
 Walls—12" concrete blocks and brick faced.
- (4) *Boiler Room* ..... 1,269 sq. ft.  
 24' x 47' x 24' ceiling.  
 Concrete block and brick faced walls.  
 Built up wood truss—standard roofing.
- (5) *Garage* ..... 600 sq. ft.  
 20' x 30'.  
 Two car—Frame. Pitched roof.
- (6) *Oil Storage Bldg.* ..... 192 sq. ft.  
 8' x 24' x 6' high.

The next is a question asked by Mr. Reid on June 6th:

Was the sum of \$230,000.00 covering the sale of seven corvettes to the United States of Venezuela paid to the corporation in American funds and, if so, what was the exact amount of these funds prior to conversion to Canadian currency?—A. War Assets Corporation has received the sum of \$209,091.03 in U.S. Funds in payment of the seven (7) corvettes sold to the United States of Venezuela, being the equivalent of \$230,000.00 Canadian funds, which is the actual sale price of these assets.

The next was a question asked by Mr. McGregor on June 6th:

What money was paid to Marine Industries at Sorel, P.Q., in connection with the storage of ships or other vessels at Sorel?—A. The following payments were made by War Assets Corporation to Marine Industries Limited, Sorel, P.Q., in connection with the storage and maintenance of ships or other vessels at Sorel.

Rental of dredge "General Brock" and equipment, June 9-29, 1945	\$44,826 38
Cost of towing dredge and equipment—	
Tug "Whalen" .....	1,200 00
" "Iramis" .....	575 00
" "Geo. M. McKee" .....	787 50
" "Capt. Simard" .....	808 33
Construction of mooring .....	22,377 21
Making 50 floats .....	4,250 00
Making 50 concrete blocks 6' 6" x 6' 6" x 2' .....	3,500 00
Moving corvettes from channel and mooring three abreast .....	22,661 18
Winterizing corvettes and Fairmiles .....	289 16
Winterizing "Glenora" .....	7 80
Towing to Sorel and winterizing of:	
Barges 973, 974 and 975 .....	4,882 50
Transport Ferry No. 215 .....	1,835 00
Maintenance and winterizing of:	
"Patricia McQueen" .....	362 96
H. C. 233 .....	35 62
M.V. "Pierreville" .....	609 31
R.C.L. 1502 .....	857 53
R.C.L. 1503 .....	1,606 51
Total .....	\$111,471 99

Next is a question asked by Mr. Isnor on June 6th:—

Will you please provide copies of all monthly expense accounts submitted by,

- (a) Park Steamship Company Limited;
- (b) Wartime Shipbuilding Limited?

*Answer*

(a) *Park Steamship Company Limited.*

Account rendered as of January 4, 1946, for expenses incurred in September, October and November, 1945.

Blue prints—plans of ships .....	\$2,039 48	
Travelling expenses .....	317 85	
Cables and telegrams .....	153 41	
Telephone calls (long distance) .....	18 35	
Postage, etc. ....	21 73	
		2,550 82

Account rendered as of May 2, 1946, for expenses incurred in December, 1945, January, February and March, 1946.

Blue prints .....	\$ 657 87	
Lloyd's register of shipping .....	225 59	
Overseas expenses for surveyor .....	1,395 28	
Sundry .....	377 41	
Travelling expenses .....	1,432 89	
Cables and telegrams .....	978 75	
Telephone calls .....	1,317 35	
		\$ 6,385 14

Account rendered as of June 13, 1946, for expenses incurred in April and May, 1946.

Travelling expenses .....	\$ 1,587 42	
Cables and telegrams .....	470 09	
Telephone calls .....	735 84	
Blue prints .....	692 32	
Inspection fees .....	1,925 55	
I. L. Lowdon, surveyor's expenses re delivery S.S.		
“Willow Park” in France .....	897 81	
Drydocking (S.S. “Lakeside Park”) .....	5,000 00	
Miscellaneous .....	262 26	
		\$ 11,571 29

(b) *Wartime Shipbuilding Limited.*

No expenses in relation to the sale of ships as agent for War Assets Corporation have been submitted by Wartime Shipbuilding Limited as of June 13, 1946.

Then a question asked by Mr. Smith on May 31, 1946:—

What is our net position in respect to MacDonald Brothers Aircraft Building No. 1, located at Stevenson Field, St. James, Manitoba, in relation to the three percent. formula established for the leasing of property by the crown?—A. This particular building has not been valued by independent appraisers, as the necessity for such an appraisal has not yet arisen.

The original cost of this property to the crown, according to our records was:

Land .....	\$ 3,000 00
New Construction .....	721,963 02

Officials of the corporation estimate that the maximum value of this property for sale as an industrial plant would be approximately \$400,000 and the three per cent formula as applied to this figure would indicate a net rental of \$12,000 per annum. Actual rental established is at the rate of \$8,000 per annum net.

This particular lease was classified as part of Group 11, Class 3 Problem Cases.



Briefly, the reasons for categorizing this as a Class 3 Problem Case are as follows:—

Taking the total gross area of the ground floor, upper floor and outside storage as 160,000 sq. ft., a flat basis of 5c per sq. ft. net to the crown or \$8,000 per year was established. This is equivalent to approximately 40c per sq. ft., if charges paid by the tenant including heat, maintenance, taxes and insurance are added to the basic rental and this is considered a better than normal rental for this type of space in this location. It is also pointed out that:—

- (1) The leased area includes quite a proportion of inferior space including an area subject to flooding, and much of the space can only be regarded as storage type.
- (2) There is a definite saving to the other buildings used by the Crown on the property by reason of the central operation of heating, fire protection and other services and by so avoiding the maintaining of staff for such operations.
- (3) By reason of construction, height, etc., building No. 1 is not readily adaptable to industry generally, as operation for heating and maintenance is far too costly.
- (4) Basic rental is taken on gross area, whereas subdivision would have resulted in much space being lost in providing necessary access to various areas, washrooms, etc.
- (5) Continuous operation by MacDonald Bros, ensures employment in interests of reconstruction and in keeping an aircraft industry in operation.
- (6) If the MacDonald operation is successful, this firm should prove a logical buyer of the building eventually.

Mr. McGREGOR: Mr. Chairman, I would suggest, in view of the fact that we are not getting these minutes printed and delivered in much less than a week, that when any reports such as those now being given are made, copies should be made for each member of the committee so we will know what we are talking about.

Mr. McILRAITH: I may point out that this is a question which I have had to discuss from time to time in very many cases, and if I may again point out that to make the number of copies necessary to supply each member of the committee with one might necessitate putting off the answer until another week. That is one thing we are up against. Another factor is the cost involved when the stencil is made. We get into a big problem there, and if they are short answers it seems to me to be too bad to have to delay their presentation waiting for copies to be made. In the case of long answers I see no objection at all to having them dealt with in mimeographed form. But this question of mimeographing involves delay and cost. It is a difficult problem.

Mr. McGREGOR: I think an effort should be made to have these minutes printed. We should be able to get these minutes printed within two or three days I should think, yet in most cases we have gone about ten days without anything in the way of minutes.

Mr. McILRAITH: The minutes usually come back on the third day on most occasions.

Mr. McGREGOR: The minutes for the first day of June were not delivered here until the tenth.

Mr. McILRAITH: The minutes for the meeting on the fourteenth were delivered on Tuesday.

The VICE CHAIRMAN: I remember one particular meeting Mr. McGregor, I think it was last Thursday or Friday, that during the morning you received the report of the previous sitting.

Mr. MCGREGOR: That must have been the first one. We usually have to wait an average of ten days.

The VICE CHAIRMAN: I do not think so.

Mr. MCGREGOR: Oh, yes.

Mr. McILRAITH: I think the Vice-Chairman is right, you had the minutes of the previous meeting at that sitting.

Mr. MCGREGOR: I stand by my statement that there is usually ten days before the production of the minutes.

Mr. REID: I think there is a great deal of merit in what Mr. McGregor has been saying. I do not quite see why there should be objection to the cutting of stencils. There is no great trouble in the cutting of stencils. As a matter of fact, you get a number of copies turned out without involving very much extra work in the cutting of stencils. I know it would be very handy if we had the information before us.

Mr. McILRAITH: It would be delightful if we could have it all printed and handed to us each day, but I am just pointing out to you that if the information comes in in the morning—and I think most of this report material comes in around ten o'clock from Montreal—it is mechanically impossible to have it mimeographed in time for use before the committee that day. If the answers are short they can be brought forward and read to the members immediately, and in that way delay will be avoided. It might also be possible to arrange for the stencilling of answers which are ready in sufficient time before a meeting of the committee to permit of that being done. After all, it is a matter of working out something which is reasonably satisfactory to meet all of the difficulties involved.

Mr. MCGREGOR: It would be very much easier to instruct the people in Montreal to make twelve or fifteen copies of this instead of one or two.

Mr. McILRAITH: The point is simply this. We can pin it right down on an arbitrary basis. It is a matter of whether you are going to have some persons spend their time mimeographing, or get the answers forward as quickly as possible. What has been done is that we have mimeographed answers where they are lengthy, but where they are short they have been given immediately they became available in an effort to speed up the getting of the answers forward. If you want it done the other way it can be done. You are just adding a bit more to the expense of the work and a little more delay to the giving of the answers. I was going to suggest that on the very short answers, on certain types of answers, it is not necessary; what happens is that you will have saved some time if they are given directly. It is just a case of understanding what should be mimeographed and what should not be mimeographed, and if it is to be mimeographed we will probably have to wait for the answer.

Mr. MCGREGOR: How much time will it take, for instance, to mimeograph letters and statements which have been read by the witness here this morning; how much added time would it take any stenographer—just a few minutes more is all it would take.

Mr. McILRAITH: The answer is that very specifically they would have to come forward at the next meeting of the committee. That is the specific answer. And, if you want it more specific, I will ask Mr. Berry to tell the committee just what extra work is involved in preparing mimeographed copies of answers he is bringing forward. I happen to know that Mr. Berry can give you a precise answer to that, because he has with him this morning one copy of an answer he prepared in reply to a question asked by one of the members. I understand

he has a typewritten copy of that answer with him although he does not intend to present it this morning, and it will give you a precise answer to your question.

Mr. MCGREGOR: You say the witness is going to answer one question and we are talking about another?

Mr. McILRAITH: If you will let him do what I asked, he will tell you about an answer which he has before him there.

The VICE CHAIRMAN: Order. Mr. McGregor, will you kindly allow the witness to answer the question asked him by Mr. McIlraith on this point?

The WITNESS: Just to illustrate the difficulty involved, I have here an answer to a question put by Mr. Murphy asking for (a) a list of production equipment found by War Assets Corporation in the Otis Fensom Gun plant (now sold to the Studebaker Company); (b) List of production equipment removed from the above plant showing whether sold or moved to W.A.C. warehouses. This is the list, gentlemen (exhibiting some 20 pages 13 x 18 single spaced typewriting), it comprises some twenty pages of closely typewritten matter.

Mr. BRADETTE: Who is going to read that?

The WITNESS: To get this into rough typing alone has already taken 120 hours, and if I start to cut stencils on this to present it to the committee with a copy to each member we will need, on cutting stencils alone, 200 hours. There is the answer to your question. I would like to ask, what good is going to be served when we have presented it to the committee? But it is a precise answer.

Mr. MCGREGOR: Just exactly what I said a moment ago, we start to talk about one thing and then you start to talk about another. I don't think any member of this committee is going to ask for a statement of that kind to be distributed. What we are asking for is that statements such as have been given by the witness this morning be made available. That is what I am asking for. I am not asking for a whole lot of work to be done like that.

The VICE CHAIRMAN: Now, Mr. Berry, in future where the answers are reasonably short would it be possible to do something without adding too much work to your staff and thereby satisfy Mr. McGregor?

The WITNESS: We could do that, and that is what I have tried to do when I have the answers in time. For instance, some of the answers I have here only came in this morning by teletype or letter, and I have the answers prepared in my own office as fast as I can each morning. If I had to stop to cut stencils and run copies I would not be able to give you the answers until your next meeting. I can do that quite easily, I have no objection whatever to that.

The VICE CHAIRMAN: But when dealing with the presentation of your answers would it be possible to have one extra copy for the member asking the question?

The WITNESS: Oh, yes. We can make at least six clear copies on the typewriter. If you get above six copies then you will notice they are not clear, as a rule.

Mr. HOMUTH: But by using light paper you can make six copies?

The WITNESS: Yes, we can get six.

Mr. HOMUTH: I would suggest, Mr. Chairman, that they use light weight tissue paper in getting out the answers, and in that way they could supply a number of extra copies.

The WITNESS: We will see that as many extra copies are made each time as we can make at one strike on the typewriter.

The VICE-CHAIRMAN: I think that will be satisfactory, gentlemen.

Before we proceed with the order for today, I wish to acquaint the committee with a memo which I have received from Mr. Murphy with regard to a question



concerning the bids on ships sold. Mr. Murphy has informed the clerk of the committee that he was satisfied to limit his question to bids on ships which were sold at \$9,000 or over. I shall ask the witness to take notice of this memorandum.

Mr. MCGREGOR: Mr. Chairman, I think that question should be left over until Mr. Murphy is here.

Mr. MCILRAITH: Why not put the answer on record.

The WITNESS: I haven't got the answer ready yet.

Mr. MCILRAITH: It is not completed?

The WITNESS: No. I am not ready to file that this morning.

The VICE-CHAIRMAN: Before I call the order of the day, I think it would be the desire of the members of the committee that I should welcome back our chairman, Mr. Gordon Isnor, who has just returned from Bermuda where he was one of the Canadian delegates to the Empire Parliamentary Association. I am sure he is glad to be back in our midst; and we certainly are glad to have him with us again.

Mr. ISNOR: Thanks very much, Mr. Cote, for your kind reference. I can assure you that I am glad to be back because I enjoy the work of this committee. That is one of the reasons why I hurried back from Washington yesterday instead of accepting the invitation from the State Department to remain over for the day. I am sincerely interested in the work of this committee, and I appreciate the manner in which you have carried on.

Mr. HOMUTH: There is something he is trying to hide. Why doesn't he come out and tell us about his trip.

(Discussion proceeded off the record).

The VICE-CHAIRMAN: Order, please. When we adjourned last Tuesday we were discussing the statement filed by Mr. Berry on the disposal of certain lands and buildings. That is printed on page 581 of the proceedings and evidence. Discussion of that particular subject is in order this morning.

*By Mr. Stewart:*

Q. Mr. Chairman, I have a number of questions to ask Mr. Berry; as I said before, I know that he cannot answer them all, but I hope that he will be able to put answers to as many of them as possible on the record for us at some future time. And I also say, Mr. Chairman, that I appreciate Mr. Berry's co-operation in giving me the information he has succeeded in securing. Referring to page 581 of the minutes, there are some points I should like to ask about the transfer of the buildings at the Canadian Pacific Railway Angus Shops, Montreal, to the Canadian Pacific Railway Company. What were the stores manufactured at those shops?—A. Valentine tanks.

Q. Could the witness tell us how many buildings were being used by the contractor?—A. I cannot answer that one.

Q. Could you tell the committee which buildings the purchaser suggested the crown would have to clear?—A. The company did not make any statement as regards which we would have to clear off, but the company did advise me that the following were of no interest or value to them:—

Suppression and testing building.....	\$ 8,398 92
Storage shed .....	79,072 82
Storage racks .....	2,083 16
Power lines .....	1,082 32
Fence enclosure .....	925 65
Cement turnabouts .....	1,230 33
Total .....	\$92,793 20

I would conclude from their statement in that regard that they would probably have asked us to remove these buildings.

Q. Could the witness tell us if that company is using the storage shop which cost about \$80,000?—A. That, I cannot answer.

Q. It is still up on the property?—A. Yes, it is still on the property.

Q. You could not tell us, I suppose, whether the purchaser has removed any of the structures?—A. No. We had to sell that as a complete block to the purchaser, and he could use any of the structures there for whatever purpose he desired, but in arriving at the sales price of the structures we had to take into account the provisions of the original contract which required their removal and the restoration of the premises to its original condition.

Q. And the purchaser has the right to use them if he so desires?—A. That would be included in the overall price. I think it is possible that there would be no scrap value by the time we removed those structures and restored the sites to their original condition.

Q. There is one additional question I should like to ask going back to the Anaconda American Brass Company (pages 582 and 583) where you say that costs would also be eliminated due to; swamp conditions, excavations, fill, temporary roads and pumping, \$42,115; winter conditions, heating and protecting concrete, \$7,598; making a total of \$49,713." I assume that the work which was put in there would have materially improved the property. Was that taken into consideration when the purchase price was arrived at?—A. No. I would say that when that building was erected it had to be erected on swamp land. The company would probably not have built in that direction. That is one of the reasons why the cost of clearing that swamp and putting it in condition to carry the buildings later erected there, was not taken into the figure in arriving at the sale price.

Q. Then may we go on to the next one, to Sommerville Limited (page 583, at the bottom of the page). Here again the total cost of the plant is given as having been \$1,594,408.96. Then you go on to list a number of items totalling \$329,804.52 with respect to which you say:—

These costs represented items of practically no value to a commercial purchaser.

And you also say,

The property was advertised for sale by War Assets Corporation and three offers to purchase were received. The offer of Sommerville Limited of \$450,000 was the highest received.

Can you tell us what amounts were offered?—A. We had tenders from Sommerville—originally we had tenders from Sommerville Limited of \$400,000, A. R. Kaufman, \$400,000, and Aero Industry, \$150,000. At a later date, and after negotiations, Sommerville Limited increased their offer for the building and land to \$450,000, at which price the sale was concluded.

Q. The statement goes on to say, "the sale to Sommerville Limited was regarded as being most in the public interest and a sale was made of all the lands and buildings to Sommerville Limited for \$450,000", can the witness tell us why?—A. Yes. At the present time the Sommerville people are employing approximately 500 people and by the use of this additional space they expect to step up their employment to 1,000 or 1,100. In the case of the second company to which I referred, (Kaufman) they are presently employing some two hundred people and expected to be able to give employment to some six hundred; and in the case of the other one, Aero Industries, they stated that they might be able to employ 250, directly or indirectly.

Q. Have you any idea how many are being employed by Sommerville Limited now?—A. I haven't got that.

Q. And there is no chance to check it up, I suppose. That is one instance in which I think a follow up should be made. And I suggest the same observation might be made with respect to Dominion Magnesium Limited, to the Ferranti

Electric Limited and a number of others. The principle involved as I see it is this, that many of these buildings were sold in the hope that there would be an increase in employment. Again, I assume that you cannot give me any information on that at the moment. Then, on page 586, buildings No. 20 and 27 of the John Inglis Company Limited, Toronto, sold to the Addison Industries Limited. According to the statement made by the witness it appears that Addisons wanted these buildings very badly. The cost of these buildings to the crown was \$1,767,992.32, yet after negotiations with Addison Industries they were sold to them for \$510,000. Now, that is one of those cases in which I would have thought the price would have been jacked up somewhere beyond \$510,000. Can the witness give us any information as to whether or not any attempts were made to raise the sale price there?—A. Yes. Every effort was made on my part to raise the sale price, and I had the representatives of the purchaser come to Ottawa here to discuss the matter with me. But I think the conditions of the sale to Addison of the John Inglis buildings should be read in conjunction with my report on York Arsenals Limited on page 591.

Q. That is where Addisons were practically promised a building and it was taken from them?—A. That is correct.

Q. Then, the next one is on page 587, the John Inglis plant; and it states that a new line of Canadian products is being manufactured. Have you any idea offhand what those new lines were?—A. I understand there is a line of electrical apparatus being manufactured there—this is purely from memory. I understand they are also going into the manufacture of fishing reels and fishing tackle, and quite a number of items which are a new type of manufacture for Canada.

Q. Again, we are faced with this question of employment. I find this question of employment actually basic in all these statements you have given us where these buildings were sold at less than fifty per cent of their cost. The answer in each case seems to be new opportunities for employment.—A. Those buildings sold at the John Inglis plant are practically an integral part of their own plant; they service them, supply heat, water services and so on. They were considered the logical purchaser to continue employment in that district.

Q. Then my question on Maritime Steel, and the relationship of that sale to post-war employment. Then we come to MacDonald Bros. (page 588), here is another case of a building which cost the crown over \$126,000, being sold for \$25,000; and, again, one of the factors which was taken into consideration was the claim of MacDonald Bros. that the overhead and taxes would be excessive in proportion to their commercial operations. I do not doubt that for a moment. It may be quite true. But, was an investigation made into that by the corporation?—A. Into the actual statement?

Q. Yes.—A. That is usually done. We did not investigate it in this case.

Q. Where a statement like that is made that obviously has a bearing on the sale price, do you not investigate into it?—A. I think that should be accepted as a general statement. I think with people buying these plants the cost of operation runs up considerably unless they can completely fill the plant with work. This particular case was rather curious inasmuch as the building was—speaking from memory—built in between two of the MacDonald original buildings, and if it had not been sold to MacDonald Bros. it would have had no value to us at all, none whatever. Again speaking from memory the original offer received from MacDonald was \$10,000.

Q. That is right.—A. And after a lot of discussion we finally got it up to \$25,000, which would be considerably greater than any salvage we would have got out of the materials after we had restored the ground.



*By Mr. McIlraith:*

Q. Is it not true that there was another factor that entered into this particular deal, that the buildings were rearranged without their consent and taxes and other costs were away up as a result—I mean municipal taxes?—A. I did not know about that.

Q. Is not that the plant where there was a change made in the height of the ceilings as well?—A. I know, Mr. Chairman, that this building was added on to the original MacDonald buildings all the way through the piece, and it was quite a problem to know what to do with it. If MacDonalds had not bought it I do not know what we would have done with it.

Mr. STEWART: It appears to me to be an almost give-away price.

*By Mr. Stewart:*

Q. I now want to deal with the Molybdenum Corporation at La Corne, Quebec. One factor which stands out there is this statement, "it was considered to be in the public interest to have the corporation continue the operation of the property. In order to do this it was necessary for the corporation to purchase the crown assets at a cost which would allow the sale of molybdenum on a commercial basis." Again, I would ask the witness, was any examination made of the cost?—A. Not specifically.

Q. Can you tell us what the cost is of producing molybdenum per pound?—A. I cannot tell you that either.

Q. You do not know what the costs were when this company was operating it, so when that is put in as a factor in the sales price I think it is sufficiently important that some one should have investigated it. Again, I notice that in this case the total cost to the crown was \$443,068.35, and yet we sold this property for \$75,000. And, as I say, one of the factors was the question of the cost per pound at which the metal could be produced. I would like to know what has been the increased overhead per pound adding to the cost of production in this plant. Again, I suggest to the witness that is not a very substantial basis to take when listing a sale price to a company such as this. If Mr. Berry has not the information before him possibly he could give it to us later on.—A. I have the complete file here showing the negotiations.

Q. You can, if you will, go through that. Then I would like to ask you this.

Mr. ISNOR: I think it would be better, Mr. Chairman, if we could have as many replies as possible to the questions put by Mr. Stewart and in that way maintain continuity in the record with respect to this subject.

Mr. STEWART: I thought it might save time, that is why I made that suggestion.

Mr. ISNOR: I think it would be better in the interest of continuity if we had as many answers as possible supplied when the subject is before us for consideration.

The VICE CHAIRMAN: Quite.

The WITNESS: I am afraid I cannot provide an answer immediately to that one because there are a lot of working papers here and I would have to go through all of them.

Mr. STEWART: If you could supply an answer later I would appreciate it, or perhaps we could get it from some other source.

The WITNESS: I think I can say very specifically here that we used certain specific values for the property, but to make a sale it was necessary for the corporation to purchase crown assets at a cost which would allow the sale of molybdenum on a commercial basis. Our figuring in this case, going back to my working sheets here, on the selling price, indicates that we figured the value

of these assets pretty clearly on a definite basis, and I notice here that we calculated the sale value using a reasonable formula, it came out originally at \$93,000.

*By Mr. Stewart:*

Q. Well then, do you suggest, following the paragraph which I quoted about costs, that they are not entirely relevant?—A. I think it is relevant.

Q. Have you any idea what the production is in pounds?—A. I have not.

Q. No idea at all?—A. No.

Q. Let us go to the next one, the sale of the Naugatuck Chemicals, Elmira, Ontario, to the Dominion Rubber Co. Limited (page 589). Your brief stated that the single purpose of that plant as equipped was to produce diphenylamine, for which the only commercial use is as a component of synthetic rubber. And you go on to say, "Negotiations were conducted with the Dominion Rubber Company Limited as a result of which a sale was made, the company agreeing to pay \$60,000 cash plus 2½ cents per pound royalty for every pound of B.L.E., a rubber anti-oxidant, sold to Polymer Corporation at Sarnia, Ontario, beginning December 1, 1945, and so on."

Could the witness tell me, by the way, what B.L.E. is?—A. That is produced at the plant. I do not know what the chemical name for it is, but that is the way it is known to the trade, as B.L.E.

Q. They are producing the same commodity, and the cost of the building and the equipment was about \$215,000, and the crown gets back \$60,000, with a possibility of another \$25,000 in royalties, which means that the crown recovered \$85,000 from an investment of \$215,000.—A. I think it is quite sure that the royalties of \$25,000 will be paid, because up to the end of either May or April I believe they have accumulated \$10,000 of that \$25,000.

Q. The point I wish to make here is, that the Dominion Rubber Company buy a going concern and the equipment and all the materials for production being there, why should they only pay \$85,000 on property and equipment which cost the country \$215,000; and I was wondering if the witness could tell us how the basic price of \$60,000 was arrived at, excluding the \$25,000? Did the corporation value the assets?—A. The \$25,000 cannot be excluded, that is part of the deal; the basic price of the plant is \$85,000.

Q. The sale price is \$85,000?—A. Yes. That is \$60,000 plus \$25,000 in the form of 2½ cents per pound royalties.

Q. Did you make an actual valuation of the assets; or, what was the value arrived at by the corporation?—A. As near as we could, yes.

Q. Surely they would not have depreciated that much in the course of two years in value; I mean, we are talking about this company being a going concern.

Mr. McILRAITH: That was really a new process. The original cost here is hardly an accurate guide. When you are speaking about the original cost of developing a unit in the synthetic rubber program, as was the case here, it is hardly fair to put it in that way.

The WITNESS: According to my information, I think you will have to take into consideration the fact that the only known use for this product, so far as my knowledge goes anyway, is in the production of synthetic rubber. I do not know how long the production of synthetic rubber will continue, or at what volume. The people operating this plant are not too sure of working for any considerable length of time.

Mr. MARIER: And Dominion Rubber are taking the risk.

The WITNESS: Yes.

Mr. STEWART: In any case we would like to know what has been written off from the cost of production on this asset; and when we have that answer would you also include the price.

Mr. McILRAITH: I think it is fair to say in dealing with the synthetic rubber program and original costs that you are dealing with a wholly new process and that the original costs were higher than they would have been with known processes, because it was a matter—I do not know how to express it—of developing construction as you went along, and so on. That would undoubtedly result in the original cost of the synthetic rubber program being much higher than it would have been had known processes been available for use.

The WITNESS: The last reported total breakdown of the cost on this is, buildings, \$30,633.05; machinery and equipment, \$80,811.55; electrical and other services, \$18,055; ground improvements, \$1,982.24; engineering fees, \$15,447.42; installation cost of machinery, \$14,531.36; duty, sales and excise taxes, \$9,176; and miscellaneous items, \$195.26.

*By Mr. Stewart:*

Q. The next one is Research Enterprises Limited, and the sale to the Corning Glass Works Limited, of building No. 14, of Research Enterprises Limited, the cost of the property being \$522,000, and it was sold to Corning Glass for \$150,000. Some of us have seen that building and it is a very good structure. The purchase price appears to be very low; but in the statement given by the witness on page 590 he goes on to say:—

In making this offer Corning undertook to proceed with plans which would require the expenditure of approximately \$621,000 in alterations to the building and in permanent, not easily removed installations, and for machinery and equipment.

Have you any means of checking up that the company did go into these expenditures?—A. No, but if it is found necessary we can check up, I believe, under the terms of our agreement.

Mr. STEWART: The suggestion has been offered here, Mr. Chairman, that perhaps we might have the agreement tabled.

Mr. McILRAITH: I think it has already been tabled in the House, but we could have another copy tabled here anyway. There was included as part of the sale price some obligation on their part in connection with the steam plant, I believe.

Mr. STEWART: Yes.

Mr. McILRAITH: In the sale to Corning of the structure.

The WITNESS: Yes.

Mr. McILRAITH: And it is a very onerous one too.

Mr. STEWART: Corning agreed to supply steam from their plant to certain other buildings on the property over a term of years, as I recall it.

Mr. McILRAITH: Yes.

The WITNESS: This is quite a long agreement because it involves quite a lot of commitments arising out of the fact that the plant was constructed as a whole and not as separate entities. I think the agreement covers about thirteen pages of typing.

Mr. STEWART: Perhaps the witness will file a copy of it at a later meeting. Some of us would like to see it.

The WITNESS: Yes, that could be tabled very easily. I am just glancing through it quickly. I do not notice any that imply commitments to spend money included in the sales agreement.



*By Mr. Stewart:*

Q. What I am trying to get from this is that there are implied commitments. That is why I asked the question?—A. There are implied commitments, not in the agreement, I believe they are in writing in the exchange of letters. I will have to find that out from the files.

Q. And, can you tell us who negotiated this sale?—A. It was negotiated through the War Surplus Branch and War Assets Corporation.

Q. You did a good deal of the work on it?—A. It was done by the War Surplus Branch.

Q. And you were in charge of that?—A. I was in charge of the War Surplus Branch.

Q. Could the witness tell us if Colonel Phillips is associated with the Corning people?—A. That, I do not know.

Q. Let us go on to the next one, Canadian Comstock Company Limited, here again is a plant the total cost of which was almost \$456,000, and it was sold for \$110,000; and here again I also notice that this company is to manufacture new materials, a line of goods related to housing—I take what I see here to mean prefabricated houses; is that so?—A. It is not very easy for me to answer this just offhand.

Q. I quite understand, you have had no warning, but I think you are doing very well.—A. I think probably I had better find the answer to that later.

Q. That is all right.—A. The question is as to the type of building which they propose to manufacture.

Q. I merely asked if they manufacture prefabricated houses?—A. Yes.

*By Mr. Shaw:*

Q. I notice, Mr. Chairman, that St. Catharines Steel Products Limited waived their right to purchase—would the witness tell us whether or not tenders were called in this case, or do you simply accept the first offer made?—A. No, to my memory, tenders were not called. This was sold on a negotiated basis.

Q. May I just ask this; how much were others interested in a plant of that character? How would they know of its existence and have an opportunity to bid, they might have offered \$50,000 more. This is a very low figure considering the nature of that establishment and compared with its original cost.—A. I may be wrong in my reply but I will check up on it later, but as I recollect it, I as director general of the War Surplus Branch under date of July 17, 1945, wrote a letter to War Assets Corporation suggesting that this plant be advertised for sale. I will find out whether or not it was actually advertised.

Mr. McILRAITH: In addition did not the War Surplus Branch put out a book of these plants?

The WITNESS: Yes, a list of the industrial plants.

Mr. McILRAITH: And that was very widely distributed.

Mr. REID: Could the committee have a copy of that book?

The WITNESS: If we have a sufficient number of copies left I shall be very glad to get them. It is a book about two inches thick.

Mr. McILRAITH: You might arrange to supply us with as many copies as may be available.

*By Mr. McGregor:*

Q. Have you read that there, Mr. Berry; "the Department of Reconstruction was of the opinion that the sale was in the public interest"?—A. I cannot answer that completely because I do not know whether it was advertised, or whether we received bids as the result of that advertising. In most of these cases,

as I said, consideration has to be given to the restrictions in the original agreement executed by the Department of Reconstruction and Supply, and also local conditions. And, in some of these cases the regional reconstruction council of the Department of Reconstruction and Supply will send in certain recommendations to us, they having knowledge of local conditions.

Q. Who was at the head at that time?—A. I believe at that time, 1945, Mr. H. J. Carmichael was Director General in Ottawa here in charge of the Regional Reconstruction Council.

*By Mr. Stewart:*

Q. Could we have a statement of what happened to the equipment which was in that plant? Has it been declared surplus?—A. Subject to checking finally, I would say yes. I have here a complete listing of the equipment in the plant.

Q. And the plant would be stripped of equipment?—A. Except in the case that some of the equipment might be sold to the purchaser of the plant.

Q. Would that be included in the \$110,000?—A. No.

Q. That would be a separate agreement?—A. Yes.

Q. And then, on the next page (591), Steel Company of Canada: There was sold to this company complete plant and equipment which I see cost originally \$850,523.62, and it was sold to the Steel Company of Canada at a price of \$250,000. Could you tell us how that price was arrived at?—A. That was purely a negotiation with the Steel Company of Canada.

Q. And the actual depreciated value of the equipment and building had nothing to do with it?—A. I would say that \$250,000 was a fair commercial value of the equipment in peacetime conditions.

Q. Would you say that equipment in a steel plant would depreciate that rapidly?—A. It had not depreciated, there is just no work for them under certain conditions. Under war conditions there is work for them because of the need of steel. Under peacetime conditions there may be no work for them to do. It was a question of either having to remove the plant or sell it to the Steel Company of Canada, and we endeavoured to sell it to the Steel Company of Canada on the best possible basis.

Q. The company must have thought that there was some value to it, otherwise they would not have bought it.—A. There may be some to them.

Q. Could you tell us what the cost of the buildings was?—A. I think the equipment structure is part of the original building in this case. I have a rough addition here showing that the building cost \$131,799.13.

Q. That would mean that the equipment cost roughly \$720,000?—A. Approximately.

*By Mr. McCullough:*

Q. Before we leave this particular company can you tell us what uses could be made of these furnaces for peacetime commercial purposes?—A. If they are not producing steel, if steel is not required, you cannot run your furnaces.

Q. Then are we to understand that you could not produce any type of steel in them?—A. Certain types of steel could be made in them. As a rule, they do not make alloy steel and carbon steel in the same melting equipment. Once you get alloy steel into melting equipment you have to continue with it. In other words, you could not make alloy steel and carbon steel in the same melting equipment without incurring considerable expense.

Q. Then I would like to ask Mr. Berry, if during wartime this equipment was used universally in the production of steel in this plant?—A. You mean, whether they used it for just one type of steel?

Q. Yes.—A. That, I cannot answer.

*By Mr. Stewart:*

Q. Then I want to deal with the next one on that page, The Truscan Steel Company of Canada Limited, Walkerville; here again is a plant which cost the government \$34,496.83, and the sale was made at a price of about 10 per cent of its original cost. Could the witness tell us what efforts were made to try to jack that price up?—A. I am just trying to locate the agreement on that one. I believe the original agreement called for the removal of the building from the land, that building was sold purely at a salvage value. The company themselves stated when they were negotiating with us in October of last year, that they were the manufacturers of steel building products and the building was not in keeping with the type of construction they normally used, that they had no use for it except possibly as storage space, and that consequently we would have to remove it in the not distant future.

Mr. McILRAITH: Was there not another factor in it, that this was one of the cases where not only would we have to remove the building, which we were expected to do, but when we had removed it we would have to make good any damage to the company's building and that would involve an additional expenditure?

The WITNESS: The company continued to say, "from recent experience we know that it would not have any salvage value and there would be a charge for removal."

*By Mr. Stewart:*

Q. Yes. Then we will go on to the next one.—A. I think that in the sale of this real property it must be clearly understood that our operations in certain cases are very proscribed in relation to the original agreement, the terms of which we must honour, that in such cases we are not entirely free agents to go out and advertise and carry on normal commercial operations.

Q. I understand that.—A. Some of these cases are very involved.

Q. Then let us go on to York Arsenal and the sale of the building to Dominion Stores Limited. Here I understand there was a tentative agreement reached with Addison Industries that they would have the opportunity of purchasing; why were they refused?—A. After the offers had all been received and considered Dominion Stores Limited came forward with an offer of \$600,000, and that was accepted.

Q. Their bid was higher than Addison's?—A. It was considerably higher than Addison's.

Q. And this point of employment again comes in; are Dominion Stores going to use this for manufacturing purposes exclusively, or for warehousing?—A. I believe it is going to be used for both purposes, the Dominion Stores are extending their manufacturing operations very considerably. I understand they are going into the manufacture of their own store fittings for equipping their own shops.

Q. Could you tell us how much higher the price accepted was?—A. Dominion Stores was \$600,000 and from memory I believe the price offered by Addison was \$475,000. That was the highest offer at the time. The return was subsequently increased to \$600,000 by selling it to Dominion Stores. So I think we should consider the sale of York Arsenal at the same time as we consider the sale of the John Inglis plant to Addison, because relatively we obtained \$125,000 more than we might have obtained otherwise.

Q. Do you mean to say that you gave Addison the other plant at a lower price than you would have otherwise?—A. No. I think Addison paid a reasonable price for that plant.

Q. Then it had nothing to do with the other one?—A. That is why I said that the two should be considered together, because we received a better price than we otherwise might have.



Q. But, reverting to the main theme itself, the underlying policy of the corporation of hoping to increase employment; the corporation sold this plant largely on a question of judgment—I do not think we should go so far as to say knowledge—anyway it was part of the agreement, or understood in making the agreement, that increased employment would result from this sale; and now the corporation has no way whatever of checking up to see whether or not that increased employment is taking place?—A. If it is considered necessary as a matter of policy we can make a check on it.

Q. Are you going to check on it?—A. I would require notice of that. I think I stated at the last meeting when I was discussing that particular aspect of these things that it was being discussed with the senior officers of my corporation.

Mr. GOLDING: Just take the other point, Mr. Stewart; would a corporation buy a building such as that unless they hoped to have increased employment? What purpose would there be in buying a building of this kind otherwise, because when you take on a place like that you have greatly added to the burden which you have to carry.

Mr. STEWART: But, if you do not see it.

Mr. GOLDING: If you do not see it, it is an added burden anyway.

Mr. McILRAITH: I might say on this other question of industrial employment, there is tabulated information always available concerning industrial employment in all the areas in Canada. It is not specific to each particular plant here, but I would not want Mr. Stewart to overlook it completely. It is always available in the department, in the economic division.

Mr. STEWART: I realize that. I hope to take up this matter with the steering committee to see if some policy can be arrived at.

The ACTING CHAIRMAN: That point was already taken up at the last meeting and the clerk made a note of it.

*By Mr. Isnor:*

Q. Could Mr. Berry tell us what Addison Industries Limited bid for both places?—A. The original bid made by Addison for York Arsenals was \$400,000. Representations were made to us about employment of people by Addison. It was thought that the buildings at John Inglis might be suitable for that purpose, so the sale was consummated with them at that time.

Q. What would be the difference in the dates of the two sales? Have you that?—A. I think some time elapsed; I cannot tell you exactly, but I think some time elapsed between the two sales.

Q. Like Mr. Stewart, I am interested in the employment angle. I feel that Addison Industries would likely give greater employment than Dominion Stores. Dominion Stores apparently, instead of purchasing from established factories such as Jones Brothers and Kent McLean and other speciality companies, who make it a specialty to supply store fixtures, are anxious now to manufacture fixtures for their own stores. They would keep employment at a minimum as compared to employment by those other companies. I do not question your judgment in accepting an offer of \$125,000 more; that is purely from a standpoint of employment.—A. You might get into a situation where the sale of this property to Dominion Stores would give rise to a considerable increase in direct or indirect employment. It is possible they may open further retail outlets themselves and thereby establish outside employment again, which is attributable to York Arsenals. You would get into a very involved calculation there.

Q. I am not interested in encouraging these large chain stores.

*By Mr. McGregor:*

Q. We are still on the York Arensals item. I take it from this report that Dominion Stores put in a bid as well as Addison. Which was the higher bid?—A. Dominion Stores was the higher bid.

Q. What was their bid?—A. \$475,000, I think.

Q. \$475,000. Now what was the Addison bid?

Mr. ISNOR: You mean their original bid, Mr. McGregor?

Mr. MCGREGOR: Yes, what was their original bid?

The WITNESS: The original bid made by Dominion Stores Limited was \$475,000; and the original bid made by Addison was \$400,000; but the Addison bid was later raised to \$475,000.

*By Mr. McGregor:*

Q. Who negotiated that deal?—A. For our company?

Q. Who were the personnel arranging that deal?—A. I do not get your question?

Q. Who was the particular man in charge of it?—A. The War Surplus Branch on behalf of the government.

Q. Did you do that personally?—A. No.

Q. Who did it?—A. I was away suffering from an infected throat at the time, so Mr. W. C. Atkinson handled it, from the War Surplus Branch. He is one of my staff.

Q. Was he from Montreal or Toronto?—A. I do not know.

Q. How did they come to start negotiations? You say that it was sold to Addison for \$400,000?—A. \$475,000.

Q. \$475,000; that was the price bid by Dominion Stores?—A. Yes, that was the price bid by Dominion Stores.

Mr. GOLDING: Who was acting for the company?

*By Mr. McGregor:*

Q. Yes, who was acting for the company?—A. For Addison?

Q. Yes, for Addison?—A. I believe there were two brothers named Addison acting for the company at that time.

Q. How did the story spread that they sold it to Addison for \$470,000? What did they do after they sold the piece of property, and somebody else came in and bought it over their heads?—A. The decision was reversed, the sale to Addison was cancelled, and it was sold to Dominion Stores for \$600,000.

Q. Who cancelled it?—A. I presume Mr. Atkinson did.

Q. On instructions from some one?—A. I would presume after consultation with somebody.

Q. Then, Dominion Stores came in and paid \$600,000 for the building?—A. Yes, Dominion Stores paid \$600,000.

Q. What was the floor space in that building?—A. You are now speaking about York Arsenals?

Q. Yes, what is the floor space in the York Arsenal?—A. Approximately 240,000 square feet.

Q. Approximately 240,000 square feet?—A. I would point out again that this building was advertised for sale, and those are the bids received for it, for the York Arsenal.

Q. Then, I suppose the thing to do would be to go to John Inglis?

*By Mr. Isnor:*

Q. Before you leave this matter, was the sale actually made to Addison in the first place?—A. Yes.

Q. The sale was closed?—A. The sale was agreed.

Q. Except that no transfer was made?

Mr. McILRAITH: No, no signed documents.

The WITNESS: The bid was accepted, but I do not think any sales agreement was signed.

*By Mr. Isnor:*

Q. I think we understood your reply to Mr. McGregor was that the sale had taken place, and that a transfer had been made.

Mr. MCGREGOR: No, No!

Mr. ISNOR: You did not say it, Mr. McGregor.

Mr. MCGREGOR: The witness did not say so either. I do not think a transfer was mentioned. He said the sale was made, but there was no transfer made.

*By Mr. Marier:*

Q. The offer was accepted, but no deed of sale was signed?—A. When it came to the point of deciding, Dominion Stores and Addison Industries both had made a bid for the building, offering \$475,000. The then director-general of the Industrial Reconversion branch recommended that Addison Industries would be a better purchaser for reconversion purposes than would Dominion Stores, so on that basis it was sold to Addison, although Addison and Dominion had then bid the same amount of money.

*By Mr. Isnor:*

Q. That bears out what I had in mind a moment ago in regard to employment. Now, following that, how did you come to receive the \$600,000 offer?—A. I was not present at these negotiations, but I have heard what happened. Following that, Dominion Stores came to see us again and said that they must have the building to carry on their operations and to extend their business, and they offered \$600,000 for it.

Q. Did the Addison people then have the opportunity of meeting this \$600,000 offer?—A. That I do not know.

*By Mr. McGregor:*

Q. They did not go that far. Now, what would be the floor space in the John Inglis plant which the Addison's bought for \$510,000?—A. One building has a square footage of 440,500 square feet, and a smaller building, No. 27, has an area of 23,870 square feet.

Q. What was the first one again?—A. 440,500 square feet.

Q. Who negotiated this deal? Was it the same Mr. Atkinson?—A. Right.

Q. There was no other bid on that building?—A. Not that I know of.

Q. I see that you have it in here that there was a deputation from Toronto headed by the Mayor. Who composed the rest of the deputation? Do you know anything about that?—A. No, I do not know other than that the two Addison brothers and the mayor appeared in my office very suddenly one morning and they left equally as suddenly.

Q. You have not got the names of the rest of the deputation who were there?—A. I have no recollection of anybody else being there at that time.

Q. There would not be anything else? Were there any tools sold with that building?

*By Mr. Isnor:*

Q. At that price?—A. There were tools sold in a separate sale; but included with the building were what are known as landlord's fixtures, that is, fixtures attached to the walls and floors that cannot be removed generally without damage to the building.



*By Mr. McGregor:*

Q. But no tools?—A. Not included in this deal.

Q. Now, about the other buildings that were sold from the John Inglis plant; there was another building?—A. No. 19 and No. 22 were sold to the John Inglis Company; and there is one other building in that plant which is now a multiple tenancy project.

Q. It says that the cost of building No. 22, which was sold to the John Inglis Company was \$623,511.11; and the Bren Annex building No. 19 was \$149,267.57; and the land cost \$21,650, and the total cost was \$794,428.68. Then, they say that the special installations, special electrical installations, unusual costs for site preparation, overtime work and proportion of architect's fees pertaining thereto amounted to \$270,395.96. Have you got anything there to show what those unusual costs for site preparation were?—A. I think so; I believe it was part of the building costs such as special installation. There is an underground testing range there for testing guns which has no value, but the cost of it was very high. The unusual costs are, briefly: site preparation, \$11,323; overtime work \$21,362; boiler-house \$46,483. That, if I remember correctly, was a stand-by boiler house which was not required because the plant is heated from the central heating system of the John Inglis Company; special foundations, \$7,794; testing range, \$64,187; electrical installations \$124,599, less permanent values of \$18,000, leaving a net of \$106,595 on the electrical installation. Then, the first-aid department, \$1,657, plus a percentage of architect's fees in relation to the building of the whole plant that could be applied properly against these figures.

Q. What is the allowance for additional costs of construction in 1941?—A. Those are the figures which I presented under group one in my policy statement on the sale of real estate.

Q. Yes, I quite understand that; but the increase from 1939 to, I think, 1944 was about 38 per cent.—A. 32 per cent, somewhere around there.

Q. When was this building built?—A. According to this record it was built in 1941.

Q. The increase in 1941 was about 18 per cent.—A. Yes.

Q. In other words, the cost of the buildings has increased and is increasing very rapidly; I would imagine that if that building were built today it would probably cost 40 per cent more than it cost at that time, so why should they deduct \$64,895 in order to bring the buildings back to 1939 costs, when the building cost today would be at least 50 per cent more than in 1939? If they want to use the building today, why make a deduction of that kind? I think it should be an increase rather than a deduction.—A. I think possibly the answer to that is that if the company were building today, they would not put up a building of this type or size for their own use.

Q. Well, they bought the building. I do not think anybody would buy a building unless he wanted it.—A. If we have a building of 400,000 square feet, and an operator only wants 300,000 square feet, his cost of building 300,000 square feet would be less than building one of 400,000 square feet.

Q. What would be the floor space in that building?—A. For No. 22, the gross floor area is 126,100 square feet. The first floor area available for production comprises 63,180 square feet; and the second floor, total net area available for production, comprises 53,950 square feet.

Q. Referring again to the other John Inglis plant, this building was bought by Addison's for \$600,000?—A. No, \$510,000, I think.

Q. \$510,000?—A. It was bought for \$510,000.

Q. It was bought for \$510,000. Now, if you put a price on your floor space, in that building, of 45 cents a foot which is the ceiling price today, I venture to say that a lot of that floor space can be rented at more than the

ceiling price, and I venture to say that within three years they will have their building plus \$76,000.—A. That rent of 45 cents per square foot includes heating and lighting services, and out of that 45 cents it would probably cost you in the neighbourhood of 35 cents to provide service.

Q. I venture to say that anyone who knows anything about buildings would think that if a man could get a building and have that amount of money gross and own his building in three years, he would be getting a pretty fair deal.

Mr. MARIER: But you would have to spend some money in order to rent it.

Mr. REID: I wonder if I could put a number of questions to the witness so that they could be answered later, in order to complete this matter. I have them all here. I will leave them with you, and the answers can be submitted later.

Mr. McILRAITH: Do you want the questions put on the record now?

Mr. REID: No. Put the questions on the record along with the answers.

The WITNESS: All right.

The VICE-CHAIRMAN: Have you any questions, Mr. Isnor, on this particular deal?

*By Mr. Isnor:*

Q. I was not quite clear in regard to the item of allowance for the cost of additional construction in 1941. Does that apply to the total cost or just to that proportion of the construction as taken over by the Addison Company?—

A. No, that is the proportion to whatever the Addison Company bought.

Q. I think we should make that clear.

*By Mr. Reid:*

Q. In the case of the sale of buildings, generally speaking, are valuations made by competent men? I quite appreciate that buildings provided for special war purposes might not be entirely suited for some manufacturing purposes, but they may still contain considerable value as real estate, that is why I am wondering whether the plants were valued by competent appraisers, builders, architects, contractors or engineers?—A. In the early days of our operations we did not do that, but as we have developed our own organization we now examine these properties pretty thoroughly, and unless there are options or agreements or prohibitions in the original contract, in 99 per cent of the cases we proceed by advertising and taking bids.

Q. When did you start doing that?—A. I would say that became in general, effective about December of last year. There has been gradual progress as specific policies have been laid down for the corporation to follow.

Q. So that there possibly were quite a number of buildings disposed of previous to December which probably did not have adequate examination or were sold without any examination?—A. Not without any examination, no; without examination by outside appraisers. In a large number of cases they are examined by members of the War Assets Corporation or by members of the Department of Reconstruction and Supply.

Mr. MCGREGOR: I understand that Mr. Berry was not on the job at the time, but would he know if there was any valuation put on these John Inglis buildings?—A. You mean, by outside appraisers?

Q. Yes.—A. I think I could say, no. There were no outside appraisers, they were all negotiated sales, and the sales price was calculated by members of my staff.

Q. And those sales were negotiated to a very large extent by Mr. Atkinson?—A. Only during the time I was away sick, that was a period of about six weeks.



Q. Then we have the other building; I understand that the government built the Liberty building for the John Inglis people; did the government own that building?—A. Correct.

Q. And they are renting that out in multiple plants?—A. Correct.

Q. What is the floor space in that building?—A. I haven't got that data here, but I believe I have a reply coming forward which will give you a complete reply to that question.

Q. Have you that file with you?—A. No.

Mr. MCGREGOR: We can go into that business again. As far as I am concerned I think that is all I have to ask. We can wait until we get the file on that.

The VICE-CHAIRMAN: If there are no further questions this will conclude the discussion on the disposal of lands and buildings. Now, the next order of business:

Mr. McCULLOUGH: This does not complete it. I believe there is a further return to be tabled in reply to questions asked by Mr. Stewart.

Mr. McILRAITH: Yes, there are still some questions to be answered.

The VICE-CHAIRMAN: Of course, there is that exception, that answers will be forthcoming on questions already put by members to the witness.

The WITNESS: I still have some questions relative to real estate to which I have not yet submitted replies.

The VICE-CHAIRMAN: The next order of business is the brief which is to be presented on disposal of equipment for educational purposes. The hour is getting late. If copies of that brief are available for members I would suggest that they be distributed. The witness has just mentioned to me that this particular brief is not very long, so if it is the wish of the members we will ask the witness to proceed.

The WITNESS: I am going to ask Mr. Low to present this brief. He has been in charge of our educational activities.

The VICE-CHAIRMAN: I will ask Mr. Low to present his statement on this matter.

**Mr. H. R. Low, Assistant to the President, War Assets Corporation, called:**

Mr. SHAW: Mr. Chairman, before Mr. Low proceeds I would like to ask him what position he holds with the corporation. I understand he is an assistant to the president, but I would like to know what his special duties are.

The VICE-CHAIRMAN: Will you please identify yourself, Mr. Low?

The WITNESS: Mr. Chairman, when I accepted my appointment with the corporation in June of last year, the primary purpose of the appointment was to act as liaison officer with educational institutions. I do not know whether that is a specific reply to your question?

Mr. SHAW: Except for this, does the same situation apply? You stated that in June you were given a specific position. Do the same conditions apply today?

The WITNESS: I would say that the situation today is, that over and above that particular purpose which I have in the corporation other duties have been added; and, further, the policies of the corporation have so developed that the work of liaison with educational institutions has been decentralized sufficiently that the branches and regional offices could undertake much of the work which originally devolved on myself.



Mr. SHAW: Just one other matter, Mr. Chairman. I am sorry to cause the delay, but that was most important. Would the witness say whether the changed duties given to him would detract from the possible effectiveness which might otherwise be secured in the educational field; or has he been permitted sufficient time to give all possible consideration to his duties as liaison officer between the administration of the corporation and the educational institutions?

The WITNESS: I would say, yes, Mr. Chairman.

The VICE-CHAIRMAN: Would you now proceed, Mr. Low?

The WITNESS: You will notice, Mr. Chairman, that the brief here to be read is ante-dated somewhat. That in no way affects the accuracy of the brief, The ante-dating was made in anticipation of the date on which it might be read.

June 8, 1946.

### DISPOSAL OF SURPLUS MATERIAL AND EQUIPMENT TO EDUCATIONAL INSTITUTIONS

The policy and procedures whereby War Assets Corporation disposes of surplus material and equipment to educational institutions are as follows:—

1. In accordance with the policy of priority of claims which has been established, educational institutions make a detailed list of their requirements which they desire to purchase at commercial prices from the corporation and forward this list to War Assets Corporation, 4095 St. Catherine Street West, Montreal, attention Priority Claims and Sales Division. As material becomes available for sale these lists are reviewed in accordance with the policy of priority of claim which places federal government departments first, provincial government departments second and municipalities, including educational institutions, third. In respect to the disposal of machine tool equipment the policy of priority is:—
  - (1) Manufacturers purchasing complete plants, or in whose plants the machine tools were installed for war purposes.
  - (2) Industry requiring machine tools for immediate production purposes thereby creating employment and federal government agencies requiring tools for training.
  - (3) Federal government departments.
  - (4) Provincial government departments.
  - (5) Municipalities, including educational institutions.
2. Equipment and material which are not considered by the corporation to be commercially saleable in their existing form, but which would be useful for instructional and research classroom purposes are made available to educational institutions on the basis of indefinite loan (plus the cost of packaging and freight). In obtaining this type of material and equipment the educational institutions are required to file a statement with the corporation to the effect that this equipment will not be used for other than classroom, instructional and research purposes. (A copy of this statement is in appendix "A").
3. In order to implement the policy of indefinite loan, War Assets Corporation, through the Canadian Universities Conference and the Canada and Newfoundland Education Association requested the Universities and Departments of Education throughout Canada, to appoint official representatives to act as liaison officers with the corporation. The names of these official representatives are listed in appendix "B".

4. A directive was issued by the corporation in August, 1945, to all of the above mentioned educational representatives, outlining in detail the procedures and policy covering the disposal of surplus material and equipment to educational institutions. A copy of this directive is appendix "C".
5. In order to provide the official educational representatives with some indication of the type of material and equipment which would become available under the policy of indefinite loan, a list was published in September, 1945. This list is given in appendix "D". It was emphasized to the official educational representatives of the Provincial Departments of Education, that individual schools must act through the departments in order to obtain this type of material from War Assets Corporation.

It is not possible to include in a list of this nature a detailed reference to the miscellaneous types of items which are declared surplus and which, although non-commercially saleable in their existing state would be useful to educational institutes for instruction and research classroom purposes. To provide for this, all regional supply managers and regional sales managers of the corporation have been advised of the names of the official educational representative in their respective regions, and have been requested to keep in touch with the official educational representatives so that the opportunity may be given to these representatives to inspect material and equipment which have been categorized as scrap, but may have educational value.

6. Each branch office of War Assets Corporation has appointed an officer to carry out all duties in connection with the disposal of surplus material and equipment to educational institutions.
7. Up to the end of March 31, 1946, the total sales of materials for educational purposes was \$2,347,060.98: this included—\$2,005,538.08 to the Canadian vocational training program and \$341,522.90 to educational institutions throughout Canada. A breakdown of these total sales, according to provinces is given in appendix "E".
8. An analysis of the sales orders up to the end of April, 1946, covering the disposal of surplus material and equipment to educational institutions under the policy of indefinite loan has been made. Appendix "F" shows the disposal of the larger items which come under this policy, such as fairmiles, universal (Bren gun) carriers, aircraft, aero engines, radio transmitters and receiver sets, cathode ray tubes, electric motors and single purpose machine tools. Over and above this type of equipment, a large quantity of the equipment listed in appendix "D" has been disposed of to educational institutions and in addition, a great deal of miscellaneous types of items which are made available from time to time.

The VICE-CHAIRMAN: I think you are prepared to take the appendices referred to in this brief as read and have them printed in the report.

Some Hon. MEMBERS: Agreed.

Mr. SHAW: Mr. Chairman, I would move that we adjourn.

The VICE-CHAIRMAN: The committee stands adjourned until Tuesday next at 11.00 o'clock in the morning.

Mr. MCGREGOR: What are we to take up?

The VICE-CHAIRMAN: This matter of the disposal of educational equipment.

NOTE: *Appendices "A", "B", "C", "D", "E" and "F" referred to in Mr. Low's brief, follow.*

## APPENDIX "A"

## APPLICATION TO WAR ASSETS CORPORATION

## FOR LOAN OF EQUIPMENT NOT COMMERCIALY SALEABLE

(TO BE USED ONLY FOR INSTRUCTIONAL OR RESEARCH CLASS-ROOM PURPOSES)

.....  
(Name of Organization)

a non-profit, scientific or educational institution, organization or association,  
duly registered and authorized as such under the laws of.....,  
(Dominion or Province)

having a local organization at the.....of.....  
(City, Town, etc.) (Name of Place)

hereby applies to WAR ASSETS CORPORATION for the following equipment  
when available on a basis of indefinite loan plus the cost of packaging and  
freight, to be used solely by the said

.....  
(Name of Organization)

for instructional or research class-room purposes:—

(The educational institution agrees to assume all risks pertaining to the equip-  
ment loaned, whilst in its possession, and to indemnify War Assets Corporation  
against any claims which may result from use of said equipment.)

Dated at.....,  
(Name of City, Town, etc.) (Province)

this.....day of....., A.D. 19..

.....  
.....





## APPENDIX "B"

The following are provincial representatives from the Departments of Education:—

## Ontario:

Mr. J. A. G. Easton, Liaison Officer with W.A.C., Department of Education, Toronto.

## Alberta:

Mr. J. H. Ross, Regional Director of Can. Vocational Training, Dept. of Education, Calgary.

## P.E.I.:

Mr. E. S. Chandler, Technical Adviser, Prov. Dept. of Education, Charlottetown.

## N.S.:

Dr. F. H. Sexton, Director of Technical Education, Dept. of Education, Halifax.

## N.B.:

Dr. Fletcher Peacock, Supt. of Education, Dept. of Education, Fredericton, N.B.

## Man.:

Mr. R. J. Johns, Director of Technical Education, Dept. of Education, Winnipeg.

## Sask.:

Mr. J. A. Doyle, Director of Technical Education, Dept. of Education, Regina.

## B.C.:

Mr. H. A. Jones, Director of Technical Education, Dept. of Education, Victoria.

## P.Q.:

Mr. Hector Beaupre, Montreal Technical School, 200 Sherbrooke St. W., Dept. of Education, Montreal.

UNIVERSITY	REPRESENTATIVE	W.A.C. BRANCH OFFICE REPRESENTATIVE
1. University of British Columbia, Vancouver.	Dr. G. Shrum	M. Montgomery, Br. Manager, 404 West Hastings St., Vancouver.
2. University of Alberta, Edmonton.	Prof. R. M. Hardy	O. O. Davis, Br. Manager, 217 7th Ave. West, Calgary.
3. University of Saskatchewan, Saskatoon.	Mr. J. P. Curror	Jas. A. Gass, Br. Manager, 2027 S. Railway, St., Regina, Room 103, Veteran Block.
4. University of Manitoba, Winnipeg. Brandon, College, Brandon.	Mr. F. W. Crawford *	W. H. Sharman, Br. Manager, 301 Somerset Bldg., Winnipeg.
5. University of Toronto, Toronto. McMaster University, Hamilton. Queen's University, Kingston. Ont. Agricultural College, Guelph. Victoria College, Toronto. Trinity College, Toronto. St. Michael's College, Toronto.	Prof. J. O. Wilhelm * Dean C. E. Burke Dr. W. E. McNeill Mr. T. H. Stuart Mr. W. J. Little Mr. E. C. Strathy Rev. T. A. MacDonald	G. M. Walker, Br. Manager, 11 Jordan St., Toronto, Ont.
6. University of Western, Ontario, London.	Mr. W. J. Brown	J. C. Gray, Br. Manager, 303 Richmond Bldg., London.
7. McGill University, Montreal. University of Montreal, Montreal. Bishop's College, Sherbrooke. Laval University, Quebec. University of Ottawa, Ottawa. St. Patrick's College, Ottawa.	Wing Comm. Hawkins * Mr. G. Bourgeois * Mr. Stuart Sanders Dr. C. Ouellet Rev. I. Pigeon Rev. T. Murphy	G. M. Sauriol, Br. Manager, 4095 St. Catherine St. W., Montreal.
8. Mount Allison University, Sackville, N.B. University of New Brunswick, Fredericton. St. Joseph's College, Memrancook, N.B. St. Dunstan's College, Charlottetown, P.E.I.	Prof. D. MacDonald * Mr. M. F. Gregg Mr. H. Leger Rev. F. McQuaid	P. T. Palmer, Br. Manager, P. O. Box 85, Moncton, N.B.
9. Dalhousie University, Halifax. Acadia University, Wolfville, N.S. King's College, Halifax. N.S. Agricultural College, Truro, N.S. N.S. Technical College, Halifax. St. Francis Xavier, Antigonish, N.S.	Mr. W. L. Harper * Dr. E. W. Patterson Prof. R. L. Nixon Mr. R. A. Langille Dr. F. H. Sexton Rev. H. J. Somers	J. O. Morrell, P.O. Box 307, Halifax, N.S.

\* These representatives will act for the combined interest of the other institutions in the branch area.



## APPENDIX "C"

Distr. 294

## WAR ASSETS CORPORATION

August 22, 1945.

## DISPOSAL OF SURPLUS MATERIAL AND EQUIPMENT TO EDUCATIONAL INSTITUTIONS

Below is the statement of policy and procedures which will be followed by the War Assets Corporation in disposing of surplus material and equipment to educational institutions:

- (1) Each Department of Education has appointed a representative who will act on behalf of the department and for all Schools under the jurisdiction of the department in liaison with the Corporation and with its branch office.
- (2) Each university has appointed a representative who will act as liaison between the university and the corporation and its branch office. Where there is more than one university adjacent to the branch office, one university representative will act for the others in order to effect economy of time in matters of discussion with the branch office.
- (3) Educational institutions will, in accordance with the policy of priority of claim which has been established by War Assets Corporation, make a detailed list of their requirements which they desire to purchase at commercial prices from the corporation and forward this list to War Assets Corporation, 4095 St. Catherine St. West, Montreal, attention Priority Claims and Sales Division. As material becomes available for sale these lists will be reviewed in accordance with the policy of priority of claim which places federal government departments first, provincial government departments second and municipalities and public bodies (including educational institutions) third.
- (4) The corporation is obtaining, and will obtain increasingly in the future, technical equipment and material which is not considered by the corporation to be commercially saleable as an article but which would be useful to educational institutions for instructional and research classroom purposes. This type of material will be made available to educational institutions on a basis of indefinite loan plus the cost of packaging and freight. The institutions will be required to file a statement with the corporation to the effect that this type of material will not be used for any other than classroom instructional and research purposes. The official representatives of universities and departments of education referred to above will be supplied with copies of the necessary form to be completed.
- (5) It is not possible to supply educational institutions with lists of material which is available at commercial prices. It is, therefore, necessary that the institutions file claims of their requirements as indicated above in para. 3.
- (6) In respect to material which is not commercially saleable, the procedure outlined below will be followed:
  - (a) In order to expedite the disposal of material to educational institutions, the representatives will be asked to indicate if possible in a general way in what type of material which is non-commercially

saleable they will be interested. If this could be done, it would be possible to determine immediately in the head office of the corporation that certain types of material which are not commercially saleable should be scrapped since they have no educational value. Whenever possible a list of materials which are non-commercially saleable and which would appear to have educational value will be sent to the branch office nearest to the place where the materials are located. The branch office will contact the representative of the university, or universities adjacent, and the representative of the department of education. The list will be discussed by them and an opportunity provided to the two representatives to view the material. The universities and the department will then make their selection.

- (7) In order to provide an equitable distribution of surplus material whether saleable or non-commercially saleable to all universities and departments of education throughout Canada, the co-operation of the universities and the departments of education will be enlisted. The university conference has appointed a sub-committee for this purpose and the Canada and Newfoundland Education Association has appointed a sub-committee to act on behalf of departments of education. These two committees will when required give advice to the corporation as to priority to be given to the various universities and departments of education in order to make an equitable distribution where an insufficient supply of equipment leads to a restricted distribution between various universities and departments of education. Universities and departments of education in other parts of Canada will take the assurance of the university representative and the department of education representative of the province in which the material is located, that the material which has been reviewed by them will be of value.
- (8) It is most essential that the general policy of the corporation in disposing of surplus material as quickly as possible be adhered to in respect to disposal of material to educational institutions.

The representatives of the Department of Education and of the universities will be required to act immediately on receipt of notice from the branch office. A time limit will, of necessity, be imposed.

## APPENDIX "D"

Distr. 358

## WAR ASSETS CORPORATION

EQUIPMENT AND MATERIAL AVAILABLE TO EDUCATIONAL INSTITUTIONS ON A BASIS OF INDEFINITE LOAN PLUS THE COST OF PACKAGING AND FREIGHT

(to be used only for instructional or research classroom purposes)

This list includes the types of material and equipment which, due to condition, type or obsolescence, have been declared to be non-commercially saleable but have educational value and are, therefore, available to non-profit educational institutions on a basis of indefinite loan plus the cost of packaging and freight. This list will be amended from time to time and should not be considered as a list of items currently in surplus.

All universities and Provincial Departments of Education have appointed a representative to act in liaison with the War Assets Corporation through the branch sales offices, in order to obtain this type of material and equipment. Individual schools must, therefore, act through the official representative.

Montreal, Que.,  
Sept. 8th, 1945.

## AIRCRAFT

*Complete*

Anson I and II  
Battle  
Crane  
Harvard

Hurricane  
Lysander  
Oxford

*Engines*

Allison  
Cheetah IX  
Cheetah X  
Gypsy Major  
Jacobs  
Jaguar  
Jupiter  
Lynx

Menasco  
Mercury  
Merlin—Packard and Rolls Royce  
Perseus  
Wasp  
Wasp double  
Wright  
Wright Cyclone

*Fuselages*

Centre sections

Wings

*Miscellaneous Parts and Components*

Accumulator for brake system  
Brake cylinders  
Carburettors  
Compressors, air  
Engine mounts  
Filter, element  
Filter, housing  
Filter, oil  
Fuel strainer  
Generators  
Hydraulic jacks, valves, etc.  
Jacks, aircraft flap  
Jacks, Dowty undercarriage  
Magnetos  
Oil coolers  
Panels, instrument  
Parachutes and spares  
Propeller hubs

Propellers, complete  
Pumps, anti-icing  
Pumps, engine prime  
Pumps, fuel  
Pumps, hand  
Pumps, hydraulic engine  
Pumps, vacuum  
Regulator, oil temperature  
Starters  
Superchargers  
Undercarriages  
Valve, Dowty  
Valve, "Y" drain  
Valve, non-return  
Valve, latch-operating  
Valve, oil-dilution  
Valve, pressure-relief  
Valve, rotary control



AIRCRAFT—*Con.**Instruments*

Altimeter  
 Compass  
 Corrector box  
 Directional Gyro  
 Drives, flexible  
 Float units  
 Gauge, air pressure  
 Gauge, boost  
 Gauge, de icer air pressure  
 Gauge, fuel  
 Gauge, hydraulic brake pressure  
 Gauge, hydraulic fluid pressure  
 Gauge, manifold pressure  
 Gauge, petrol flow  
 Gauge, suction  
 Gauge unit (engine)  
 Heads, fire extinguisher  
 Heads, pressure  
 Heads, venturi  
 Holder  
 Horizons  
 Inclinator  
 Indicator, aero mixture  
 Indicator, airspeed  
 Indicator, air temperature  
 Indicator, brake flaps  
 Indicator, carburettor temperature  
 Indicator, cylinder temperature  
 Indicator, engine gauge  
 Indicator, engine speed  
 Indicator, flap mounting  
 Indicator, oil temperature

Indicator, radio compass  
 Indicator, rate of climb  
 Indicator, steering bomb sight  
 Indicator, temperature  
 Indicator, trimming, tab. elev.  
 Indicator, turn and bank  
 Leads  
 Levels  
 Panels  
 Resistance temperature bulbs  
 Separator (oil)  
 Stabilizer  
 Switches  
 Synchroscopes  
 Tachometer shaft  
 Tank units  
 Thermocouple  
 Thermometer, air temperature  
 Thermometer, cylinder temperature  
 Transmitter, fuel pressure  
 Transmitter, manifold pressure  
 Transmitter, oil pressure  
 Transmitter, oil temperature  
 Transmitting unit  
 Valve, air  
 Valve, check (de icer)  
 Valve, control  
 Valve, relief  
 Valve, selector  
 Valve, suction  
 Valve, tire  
 Valve, vacuum

## RADIO

## (Component Parts)

Assembly, adapter aerial  
 Assembly, aerial feeder complete  
 Assembly, air feed No. 5  
 Assembly, breast, No. 19 wireless set  
 Assembly, drive spindle  
 Assembly, microphone receiver headgear cord  
 Assembly, transformer high tension  
 Assembly, transformer meter  
 Base, aerial No. 9  
 Box, junction distribution  
 Box, junction, No. 19 wireless set  
 Bracket  
 Breast set  
 Clip, spring, retaining  
 Coil, filter  
 Coil, form  
 Coil, tuning  
 Condenser  
 Connector, single No. 23  
 Conduit, flexible,  $\frac{1}{2}$ " and  $\frac{5}{8}$ " dia.  
 Contact unit  
 Control unit  
 Couplings  
 Distribution No. 3, junction

Dynamotor, low tension, brush  
 Feed, No. 2 air  
 Feeders, aerial  
 Ferrules  
 Gears  
 Insulators  
 Microphone handset  
 Mouthpiece  
 Plate mounting part  
 Plugs, amphenol  
 Plugs, snatch  
 Relays  
 Resistors and parts  
 Screw shoulder  
 Sleeve, cambrie, No. 19 wireless set  
 Sleeve, moulded rubber shroud  
 Socket  
 Socket body  
 Socket body and cover, No. 19 wireless set  
 Switch  
 Transformer, input partial only  
 Transformer meter  
 Vibrators

## APPENDIX "E"

## SALES OF MATERIAL FOR EDUCATIONAL PURPOSES

(July 12, 1944 to March 31, 1946)

Provinces	Total	Canadian Vocational Training Program	Educational Institutions
British Columbia .....	\$ 110,357 24	\$ 88,371 84	\$ 22,015 40
Alberta .....	233,864 64	215,493 14	18,371 50
Saskatchewan .....	221,154 43	213,377 63	7,776 80
Manitoba .....	94,941 48	91,095 51	3,845 97
Ontario .....	1,062,203 56	899,056 22	163,147 34
Quebec .....	330,911 85	232,142 59	98,769 26
New Brunswick .....	177,943 15	167,852 41	10,090 74
Nova Scotia .....	91,801 18	74,729 99	17,071 19
Prince Edward Island ...	23,853 45	23,418 75	434 70
	<hr/>	<hr/>	<hr/>
	\$ 2,347,060 98	\$ 2,005,538 08	\$ 341,522 90

## APPENDIX "F"

DISPOSAL TO UNIVERSITIES AND PROVINCIAL DEPARTMENTS OF EDUCATION  
OF MATERIAL AND EQUIPMENT  
ON INDEFINITE LOAN

(July 12, 1944 to April 30, 1946)

Provinces	Aircraft complete	Aero engines	Aircraft instru- ments	Electric motors	Transmitter receiver and sets	Cathode ray tubes	Single purpose machine tools	Fair- miles	Carriers (Bren gun) universal
British Columbia.....		1	80	23	Rec. R-1082-4 Trans. T-1083-100	795	lbs. 200		
Alberta.....		3	1824		Rec. R-1082-5 Trans. T-1083-80	799	1,500		4
Saskatchewan.....		20	1,366	22	Rec. R-1082-6 Trans. T-1083-90	806			3 3
Manitoba.....		9	2,840	17	Rec. R-1082-6 Trans. T-1083-80	2,970	1,500		
Ontario.....	1	52	2,977	82	Rec. R-1082-2 Trans. T-1083-122	2,679	12,300		8
Quebec.....	14	54	257	179	Rec. R-1082-115 Trans. T-1083 Trans. receiver TR-1115-228	1,590	10,568	5	69
New Brunswick.....		10	268	15	Rec. R-1082-6 Trans. T-1083-90	1,257	1,000		2
Nova Scotia.....		1	324	8	Rec. R-1083-6 Trans. T-1083-80	1,832			2
Prine Edward Island..			85		Rec. R-1082-5 Trans. T-1183-30	288			

NOTE.—In addition to the above equipment a large quantity of the equipment listed in appendix "D" and also a great deal of miscellaneous types of items have been disposed of to Universities and Provincial Departments of Education on Indefinite Loan.









Gov. Doc  
Can  
Com  
W

Canada. War Expenditures. 1946

(SESSION 1946  
HOUSE OF COMMONS)

CA1XC2

-46 W12

(SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

TUESDAY, JUNE 25, 1946

THURSDAY, JULY 4, 1946

WITNESS:

Mr. J. H. Berry, C.M.G., President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946



## ORDERS OF REFERENCE

FRIDAY, 29th March, 1946.

*Ordered*,—That the said Committee be given leave to print from day to day 1,000 copies in English and 500 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

*Ordered*,—That the quorum of the said Committee be reduced from 13 to 10 members and that paragraph (3) of Standing Order 65 be suspended in relation thereto.

FRIDAY, 21st June, 1946.

*Ordered*,—That the name of Mr. Cockeram be substituted for that of Mr. Jackman on the said Committee.

Attest.

(Signed) ARTHUR BEAUCHESNE,  
*Clerk of the House.*

## MINUTES OF PROCEEDINGS

TUESDAY, June 25, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Cockeram, Golding, Isnor, Marier, Murphy, McGregor, McIlraith, Michaud, Shaw, Winkler.

*In attendance:* Mr. J. H. Berry, President, and Messrs. H. R. Low and J. S. Irvin, Assistants to the President, War Assets Corporation.

The Chairman stated that undue delay in the printing of the Committee's proceedings in French had been brought to his attention by Mr. Marier. The Clerk was asked to make inquiries with a view to having the printing of such proceedings expedited.

The Chairman also informed the Committee that he had been advised that there would be no Committee room available for the Committee to sit on Thursday morning, June 27, and that there was doubt as to whether the Committee could, in the future, use room 429 regularly as in the past.

After some discussion, the Committee decided to refer this matter to its steering committee with a recommendation that room 429 be retained if possible.

Mr. Golding moved, seconded by Mr. Murphy, that the Committee adjourn so as to enable the members to attend a meeting of the Empire Parliamentary Association to be held at 11.00 a.m. this day and to be addressed by the Rt. Hon. Anthony Eden and other members of the Association.

Motion carried and the Committee adjourned to the call of the Chair.

THURSDAY, July 4, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cleaver, Golding, Isnor, Marier, Marquis, McGregor, McLure, Michaud, Probe, Winkler.

*In attendance:* Mr. J. H. Berry, C.M.G., President, and Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

Mr. Berry was recalled. He read into the record answers to questions asked in the course of previous sittings and was further examined.

At 12.45 p.m., witness retired and the Committee adjourned until Tuesday, July 9, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 4, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order we will proceed with the business. As you will recall at our last meeting we had before us Mr. H. R. Low, Assistant to the President of War Assets Corporation, who was dealing with the question of the disposal of surplus material and equipment to educational institutions. At the request of Mr. Shaw who is very much interested in this particular subject, as also are other members of the committee, I took the liberty of promising him that instead of proceeding to-day with that subject and recalling Mr. Low, we would have Mr. Berry appear before the committee and supply further answers to questions which have been asked by members of the committee. If that meets with your approval I will ask Mr. Berry to proceed.

### **Mr. J. H. Berry, President, War Assets Corporation, recalled:**

The WITNESS: Mr. Chairman, the first is an answer to a question asked by Mr. Reid under date of June 30, 1946.

Question No. 1—What were the names of the two companies mentioned in the evidence as manufacturing or producing plywood or prefabricated houses who made offers for the C.P.A. plant at New Westminster, B.C.—Answer No. 1—(a) Murphy Associates for Plyfab Ltd.; (b) Henry J. Wiser and Associates.

Question No. 2—On what dates were the two respective offers made?—

Answer No. 2—(a) Murphy on February 11, 1946, (b) Wiser on February 2, 1946.

Question No. 3—What was the amount offered by each of the two companies?—Answer No. 3—(a) Murphy \$125,000; (b) Wiser \$80,000.

Question No. 4—Which offer was accepted by War Assets Corporation?—

Answer No. 4—Murphy at \$137,500.

Question No. 5—What are the terms of the agreement of sale?—Answer

No. 5—See appendix "A" for draft agreement of sale.

Question No. 6—On what date was the agreement of sale submitted or sent to the company whose offer was accepted?—Answer No. 6—April 9, 1946.

Question No. 7—Was any time limit designated as to when the articles of agreement should be signed and returned to War Assets Corporation?

—Answer No. 7—No.

Question No. 8—Has the agreement been returned by the company whose offer was accepted, if not, (a) what reasons can be given for the delay in completing agreement of sale?—Answer No. 8—No, the purchaser advised on May 31, 1946, that he had experienced some delay in closing his financing arrangements but that matters were now clear and within the near future he would complete his purchase from War Assets Corporation.

Question No. 9—At the time the offers by the two companies mentioned were made were they in business, if so, (a) Where were they located and what business were they engaged in?—Answer No. 9—This cannot be stated definitely, but it would appear from correspondence that both are new companies.

Question No. 10—During 1945 was any offer made by any other company to purchase the C.P.A. plant at New Westminster, if so, (a) what was the price set by War Assets for this plant at the time any other company offered to purchase?—Answer No. 10—Yes. An offer of \$225,000 was made in March, 1945. This offer was not immediately accepted as the plant was not actually reported as surplus. This point was cleared with the Department of Munitions and Supply and I was advised by the company that their solicitor would see me in the matter on April 10, 1945. This appointment was not kept and a follow up letter dated May 15, 1945 was sent to the company requesting information as to the position of the matter. The solicitor for the company saw me on May 23, 1945, and following conversation with him I concluded that the company would not purchase the property.

Apparently the company were at the same time negotiating with other representatives of the Department of Munitions and Supply to rent the building for use in filling orders which it was thought would be placed with the company through government agencies. The Department of Munitions and Supply apparently did not agree to this, but did advise that the company should enter into further negotiations for purchase of the property before June 15, 1945. On June 27, 1945, the Department of Munitions and Supply were advised that the further orders had not materialized and the premises should not be withheld from sale any longer.

Since this date June 27, 1945, no further communication from the company in the matter of this property is in the records of the corporation, and it was therefore presumed they had no continuing interest.

A tentative price of \$375,000 was discussed but it was understood this figure might be subject to negotiation.

Question No. 11—What was the price asked for by War Assets from the two companies in the plywood or prefabricated houses business?—Answer No. 11—The offer of \$80,000 was not considered adequate and we were advised no increase could be made.

The offer of \$125,000 was then received and the offer of \$80,000 was finally rejected on receipt of the higher offer.

Prior to acceptance of the higher offer the buildings were valued by two competent men and the property was offered to the \$125,000 bidder at the average of the two valuations.

Question No. 12—Was any survey made by War Assets Corporation as to the condition and valuation of the C.P.A. Plant during 1945 and again in 1946, (a) what valuation was arrived at in all instances?—Answer No. 12—No outside valuation was made in 1945, value figures being calculated from the original costs.

Two valuations were made in 1946, one placed the value at \$135,000, and the other at \$140,000.

Question No. 13—What was the cost of the C.P.A. Plant?—Answer No. 13—The original cost of the buildings, which are on leased land was \$662,013.62.

## APPENDIX A

File No. 223-300-34

This agreement made as of the 15th day of April, 1946,

BETWEEN:

His Majesty The King in right of Canada (hereinafter called "His Majesty"), represented by the Honourable the Minister of Reconstruction and Supply (hereinafter called "the Minister"), herein acting through War Assets Corporation (hereinafter called "the Corporation")

OF THE FIRST PART

and Plyfab Limited, a Company incorporated under the laws of the Province of British Columbia.

Witnesseth that:

Whereas His Majesty is the owner of certain buildings at or near New Westminster, B.C., situated on lands leased from His Majesty the King in right of the Province of British Columbia (hereinafter called "the Province") and formerly operated by Canadian Pacific Airlines Limited as an Overhaul and Repair Depot;

And whereas the Purchaser has agreed to purchase the said buildings and has represented that the same are required for its own use and not for the purpose of resale;

And whereas, upon such representation, His Majesty has agreed to sell the said buildings to the Purchaser as hereinafter set forth;

Now, therefore, it is agreed and declared by and between the parties hereto as follows:—

1. His Majesty agrees to sell to the Purchaser and the Purchaser agrees to purchase from His Majesty for the sum of \$137,500 all the right, title and interest of His Majesty in and to all buildings situated on that piece of land leased to His Majesty by the Province by an indenture made the 1st day of June, 1942, which lands are more fully described in the said indenture (a copy of which is attached hereto as Schedule "A").

2. The Purchaser covenants and agrees to pay to His Majesty (the Corporation being hereby designated until further notice as the agent of His Majesty to receive payment hereunder) the said sum of \$137,500 with interest as hereinafter provided at the times and in accordance with terms and conditions as follows:—

(a) The sum of \$68,750 upon the execution of this agreement;

(b) The balance of \$68,750 on or before the 15th day of April 1947, with interest thereon at the rate of  $3\frac{1}{4}$  per cent per annum calculated from the date hereof.

3. His Majesty agrees, subject to the approval and consent of the Province, to assign to the Purchaser all the right, title and interest of His Majesty in the above mentioned lease dated June 1, 1942 (a copy of which is attached hereto as Schedule "A"), or to surrender to the Province the remainder of the term



under the said lease, whichever shall be satisfactory to the Province, it being understood that the Purchaser has made or will make its own arrangements with the Province in respect of the land on which the buildings are situated.

4. The Purchaser agrees to execute and deliver to His Majesty a mortgage on the buildings hereby sold and on the interest which the Purchaser now has or may acquire in the lands on which the buildings are situated securing payment by the Purchaser of all amounts payable to His Majesty hereunder and the performance and fulfilment by the Purchaser of all the terms and conditions to be performed or fulfilled by the Purchaser, which mortgage shall be in a form satisfactory to the Minister and contain terms and conditions usual in standard long form commercial mortgages.

5. The Purchaser shall forthwith at its own expense insure and keep insured the said buildings against fire and other risks usually insured against with an insurance company or companies satisfactory to the Minister for a sum not less than the amount from time to time payable to His Majesty hereunder and all such insurance shall be payable to His Majesty as his interest may from time to time appear. Upon delivery to His Majesty of the mortgage above referred to or upon payment by the Purchaser of all of the Purchase price with interest as above provided (whichever shall be the earlier) all the right, title and interest of His Majesty in and to the said buildings shall pass to and vest in the Purchaser and this agreement shall operate as a conveyance and transfer of all such right, title and interest as of and from the date hereof.

6. It is declared and agreed that the sale of the said buildings as herein provided is made upon the representation by the Purchaser that it will not without the consent of the Minister sell or offer to sell the said buildings for a period of five years from the date hereof and the Purchaser hereby covenants and agrees that in the event of a sale being made by the Purchaser during the said five year period the Purchaser shall forthwith pay to His Majesty any amount in excess of \$137,500 received by the Purchaser in respect of the said buildings.

7. No member of the House of Commons of Canada shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

8. The term "Minister" where used herein includes the Deputy Minister or any Acting Deputy Minister of Reconstruction and Supply and any authorized officer or representative of War Assets Corporation.

In witness whereof this agreement has been executed on behalf of His Majesty by War Assets Corporation under its corporate seal and the hands of its duly authorized officers and by the Purchaser under its corporate seal and the hands of its duly authorized officers.

Signed, sealed and delivered in manner  
aforesaid in the presence of:

.....

Witness

Signed, sealed and delivered

.....

Witness

WAR ASSETS CORPORATION

.....

President

.....

Secretary

PLYFAB LIMITED

.....

President

.....

Secretary

*By Mr. McGregor:*

Q. Is that the same property as you sold for \$125,000?—A. That was sold for \$137,500.

Q. What was it valued at? One evaluator placed it at \$135,000 and the other at \$140,000, and it was sold you say at the average of the two valuations, \$137,500?—A. Yes.

*By Mr. Black:*

Q. Would that include the equipment?—A. It would only include what we commonly call landlord's fixtures, not movable equipment.

*By Mr. McGregor:*

Q. Was there land included in the \$662,000?—A. No, the building was on leased land.

Q. And the people who bought the property owned the land?—A. No, the people who buy the property have to arrange their own lease with the owner of the land.

The next is a question asked by Mr. Stewart under date of June 20.

What happened to the equipment in the Canadian Comstock plant? Was it included in the sale price of \$110,000?—A. No production equipment was included in the sale of the buildings at \$110,000. A considerable amount of equipment in this plant was sold to the Canadian Comstock Company Limited as separate sales at the ordinary War Assets formula selling price.

*Question asked by Mr. Reid on June 6.*

Why in the report entitled "Ramped Cargo Lighters" do the sales prices run from \$2,500 to \$12,800?—A. With the exception of one sold in November, 1945, at \$2,500 balance were all sold at \$3,200 each, the \$12,800 figure representing the sale of four lighters.

The single Ramp Cargo Lighter sold in November to the Roman Catholic Missions at \$2,500 had been used whereas the remainder were in new condition and crated for shipment.

*Question asked by Mr. Reid on June 6*

Were submarines sold as scrap and on what basis was the sales price calculated in each case?—A. The only submarines sold as scrap were the L.23 and the L.27. These were advertised in the press under Tender G-1-11, closing December 20, 1945.

No tenders were received and further efforts to dispose of these submarines found Marine Industries Limited as the only interested purchaser at our valuation of \$3,500. These craft were stripped of all salable equipment and gear and the hulls were completely unseaworthy and beyond repair.

*By the Chairman:*

Q. How many were there, Mr. Berry?—A. There were three apparently reported. There was another submarine known as the *Sea Wolf* which was not sold as scrap because the engines were in very good condition and were salvaged. Speaking from memory I think the *Sea Wolf* was sold for about \$9,200 on account of the value in the engines.

Now the next is a question by Mr. McGregor under date of June 6.

How many ships or other vessels were brought from Halifax, N.S., to Sorel, P.Q., giving names in each case and any cost incurred by the corporation?—A. No vessels were brought to Sorel, Quebec, from Halifax,

N.S., by War Assets Corporation. A number of corvettes were destored at Sydney, N.S., by the navy and moved by a skeleton navy crew to Sorel where they were turned over to War Assets Corporation. These vessels did not become War Assets Corporation property until delivered in Sorel and cost of movement was borne by the navy.

This question was asked by Mr. Probe on April 9 and Capt B. B. Hope, Assistant Chief, Naval Administration and Supply replied as above.

*By Mr. Probe:*

Q. May I interrupt at this stage? It seems to me that at a previous session we were told, at least the information I have is the navy had asked you people for instructions as to where they would turn these over to you, and the answer was at Sorel. I am very sure about that. My question is as to why that procedure was adopted, and the thought seems still to persist in my mind.—

A. In connection with that, Mr. Probe, experts advised us that if these ships had to be stored the best place to hold them was in fresh water, and Sorel was selected as being the nearest point of fresh water. The navy had agreed that they would deliver them to a predetermined point for us. We asked them to deliver them at Sorel. I believe that is the point which came up when Captain Hope was giving evidence before the committee on April 9, and that was the reply he gave.

Q. I remember that reply, but this is the first time that I have heard that, the reason for it. He did not give any reason other than that the War Assets suggested that they be brought to Sorel; and while I am not a technical expert it looks to me to be a waste of money to bring them all the way from Sydney Harbour and Halifax.—A. As I said, the main reason for that was to get the vessels moored in fresh water if they were to stay there for any length of time.

Q. And Sydney and Halifax harbours are— —A. Salt water.

Mr. McGREGOR: Maybe the chairman could answer that question for us.

The CHAIRMAN: That is one question I am trying to have answered myself. I am not satisfied.

Mr. McGREGOR: That is what I thought.

*By Mr. Probe:*

Q. It seems to me that there is quite an elaborate amount of work to be done to put those vessels into shape for storage, what is it you call it—were they winterized?—A. Destored and put in shape for mooring—that is called winterization.

Q. And that was done at Sorel?—A. A certain amount of it was done. Later we decided it was going to cost too much money and that we had better sell them as fast as we could from Sorel, and that is what we did with the corvettes.

Mr. McGREGOR: Sorel is a better port than Halifax anyway.

The CHAIRMAN: I understand they are now using Shelburne, is that not correct?

The WITNESS: We are now using Shelburne.

The CHAIRMAN: And Shelburne is also part of Nova Scotia, Mr. McGregor.

The WITNESS: The next is a question asked by Mr. Murphy on June 6.

*By Mr. Black:*

Q. Before you go on to that, Mr. Chairman, with respect to the matter of storing ships at Sorel, I have repeatedly asked for information with respect to the disposal of equipment and supplies in connection with those naval vessels which were delivered at Sorel. So far as I know the information has never been



submitted. I would ask the witness if he is in a position to furnish the committee with the information asked for when we were previously dealing with this same subject.—A. I believe we made some reply to that, Mr. Black, at one of the recent meetings. I will have it looked up and I will deal with that as a question again, if necessary.

Q. I asked at one or two meetings and do not recall the information as having been handed to me. It is the usual practice to give the information directly to the member of the committee who asked the question as well as put it on the record. If it is on the record I do not know the place.—A. I will be pleased to look into that, Mr. Chairman, and to provide an answer if necessary.

The CHAIRMAN: I think what you have in mind, Mr. Black, in regard to replies being given to the member asking the question—that was only decided upon at the second last meeting and we are trying to follow that at the present time. Mr. McGregor was handed a reply to the question he asked this morning, but if a member is not present as in the case of Mr. Reid and Mr. Murphy, then the reply is included in the minutes and it is taken for granted that they will follow the minutes and see the reply.

Mr. MCGREGOR: Coming back to this other question about ships at Sorel—

*By Mr. Black:*

Q. Just a minute. Do I understand that this information has been set out on our minutes?—A. I am not sure, Mr. Chairman, whether I have actually replied to that or not. The question is as it now reads what happened to the equipment on the ships stored at Sorel.

Mr. BLACK: The fixtures, equipment and supplies, and on what authority it was disposed of, taken off the boats; and what became of it; and, if it is stored, where it is.

Mr. MCGREGOR: Could you tell us with whom to get in touch to find out the cost of bringing those ships from Sydney and Halifax to Sorel?

The WITNESS: The Department of National Defence, Navy.

The next is a question asked by Mr. Murphy on June 6.

List the outside appraisers used by War Assets Corporation to appraise ships giving the names of ships appraised by each appraiser, together with fee paid in each case and sale price of ship.

Also provide a statement as to the basis on which the appraisal fees or costs are calculated.—A. See attached report.

## SPECIAL COMMITTEE

Appraiser	Vessel	Appraisal Fee	Selling Price
B. L. Johnson, Walton & Co., Vancouver, B.C.	M-443 ( <i>Crane</i> ).....		\$2,600.00
	M-445 ( <i>Godwit</i> ).....		1,800.00
	M-441 ( <i>Merganser</i> ).....		2,300.00
	M-440 ( <i>Albatross</i> ).....		2,150.00
	<i>Sekani</i> .....		20,000.00
	<i>Haida</i> .....		17,000.00
	<i>Howe Sound</i> .....		20,150.00
	<i>Col. Wadmore</i> .....		24,000.00
	<i>Loyal I.</i> .....		12,000.00
	<i>Springtime V.</i> .....		11,000.00
	<i>Gen. Caldwell</i> .....		5,000.00
	R.C.A.S.C. No. 6 ( <i>Elsie N.</i> ).....	25 vessels appraised for \$500.00	2,200.00
	R.C.A.S.C. No. 1.....		1,100.00
	R.C.A.S.C. No. 5 ( <i>Blue Heaven</i> )..		2,650.00
	M-429 ( <i>Gull</i> ).....		4,250.00
	M-431 ( <i>Petrel</i> ).....		3,060.00
	H.C. 123 ( <i>Tautog</i> ).....		1,200.00
	<i>Barclay Sound</i> .....		16,000.00
	<i>Lavalee</i> .....		unsold
	<i>Coquitlam</i> .....		unsold
	<i>Kalamalka</i> .....		unsold
	<i>St. Joseph</i> .....		unsold
	<i>Cranbrook</i> .....		unsold
	<i>Rossland</i> .....		unsold
	<i>Daerwood</i> .....		unsold
	<i>Colonel Lawson</i> .....	15.00	18,500.00
	<i>Colonel Greer</i> .....	15.00	20,550.00
	<i>Armentieres</i> .....	50.00	unsold
	<i>Cougar</i> .....	50.00	unsold
	<i>General McKenzie</i> .....	25.00	75,000.00
	<i>General Hertzburg</i> .....	25.00	7,500.00
	<i>Colonel Peters</i> .....	25.00	28,000.00
	<i>Mastodon</i> .....	150.00	unsold
	<i>Skidgate</i> .....	20.00	6,500.00
	B.D. 95.....	15.00	2,700.00
	<i>General Kennedy</i> .....	account not rend'd.	unsold
	<i>Chamiss Bay</i> .....		unsold
	<i>Cadwell (M-199)</i> .....		3,700.00
	H.C. 67 ( <i>Sakura</i> ).....		unsold
	H.C. 340 ( <i>Bluenose</i> ).....		unsold
	<i>Prince Robert</i> .....	"	unsold
	<i>Prince David</i> .....		unsold
	<i>Babine</i> .....	10.00	22,500.00
	<i>Stuart</i> .....	10.00	22,500.00
	<i>Sooke</i> .....	10.00	22,500.00
	<i>Kimsquit</i> .....	50.00	unsold
	<i>Hesquiat</i> .....	50.00	unsold
	H.P.C. 35.....	15.00	unsold
	H.P.C. 36.....	15.00	5,000.00
	H.P.C. 37.....	15.00	unsold
	H.P.C. 38.....	15.00	unsold
	M-616 ( <i>Shearwater</i> ).....	20.00	3,800.00
	M-615 ( <i>Lapwing</i> ).....	20.00	7,000.00
	M-617 ( <i>Harlequin</i> ).....	20.00	unsold
	M-291 ( <i>Elmar</i> ).....	20.00	unsold
	M-292 ( <i>Whistler</i> ).....	20.00	unsold
	M-290 ( <i>Kittiwake</i> ).....	20.00	20,000.00
	Scows, M-335.....	15.00	\$1,500.00
	M-244.....	15.00	2,500.00
	M-247.....	15.00	2,250.00
	M-186.....	15.00	75.00
	M-554.....	15.00	75.00
	M-556.....	15.00	75.00
	M-393.....	15.00	75.00
	M-555.....	15.00	75.00
	M-336.....	15.00	unsold
	M-251.....	15.00	unsold
	M-245.....	15.00	unsold
	M-568.....	15.00	unsold

Appraiser	Vessel	Appraisal Fee	Selling Price
B. L. Johnson, Walton & Co., Vancouver, B.C.— <i>Concluded</i>	M-2.....	11 vessels ap- praised for \$150.00	\$205.00
	M-311.....		1,000.00
	M-312.....		unsold
	M-313.....		760.00
	M-319.....		650.00
	M-320.....		650.00
	M-321.....		unsold
	M-323.....		unsold
	M-325.....		195.00
	M-327.....		800.00
	M-363.....		600.00
	M-172, (Scoter).....	20.00	10,000.00
	G.V. 5.....	35.00	40,000.00
Bowring Brothers Limited St. John's, Nfld.....	H.C. 17.....	25.00	2,500.00
	H.C. 18.....	25.00	2,000.00
	H.C. 19.....	25.00	2,500.00
	H.C. 89.....	25.00	1,550.00
	H.C. 161.....	25.00	2,000.00
	H.C. 178.....	25.00	500.00
	H.C. 192.....	25.00	3,000.00
	H.C. 208.....	25.00	3,000.00
	H.C. 213.....	25.00	2,000.00
	H.C. 176.....	25.00	200.00
	H.C. 179.....	25.00	2,000.00
	H.C. 103.....	25.00	2,500.00
	H.C. 295.....	25.00	5,500.00
	Colonel Clarks.....	25.00	4,500.00
	H.C. 234.....	25.00	4,500.00
H. G. Stairs, Mahone Bay.....	Glen Class Tugs.....	Account in dispute	55,000.00
	D. W. Murray.....		9,000.00
	L-23.....		3,500.00
	L-27.....		3,500.00
German & Milne, Montreal.....	Preserver.....	25.00	275,000.00
	Arleaux.....	100.00	3,750.00
	Ville Class Tugs.....	50.00	7 to 10,000.00
	Wooden Glen Tugs.....	100.00	25,000.00
		(uncomplete)	
	Tanac Tugs, Steel.....	75.00	33,000.00
	Tanac Tugs, Wood.....	85.00	20,000.00
	Norton.....	100.00	205,000.00
	Steel Glen Tugs.....	100.00	55,000.00
	Warrior Tugs.....	100.00	140,000.00
Hayes, Stuart & Co. Ltd., Montreal.....	Aristocrat.....	10.00	9,000.00
	Fleur de Lis.....	12.50	17,000.00
	Allachasse.....	12.50	5,100.00
	Moonbeam.....	12.50	12,500.00
	Sunbeam.....	12.50	12,500.00
	Preserver.....	25.00	275,000.00
	Mohawk.....	25.00	4,500.00
	Chaleur I.....	15.00	unsold
	Madawaska.....	15.00	3,500.00
	Sea Wolf.....	10.00	9,100.00
	M/S Hull.....	10.00	15,000.00
	Stratford.....	23.00	5,500.00
	Zoarces.....	40.00	7,000.00



Appraiser	Vessel	Appraisal Fee	Selling Price
Hayes, Stuart & Co. Ltd., Montreal— <i>Concluded</i>	H.D.C. 17.....		\$1,800.00
	H.C. 24.....		625.00
	H.C. 134.....		450.10
	H.C. 1.....		500.00
	H.C. 4.....		900.00
	H.C. 10.....		4,500.00
	H.C. 2.....		900.00
	H.C. 102.....		550.00
	H.C. 133.....		125.10
	H.C. 68.....		300.00
	H.C. 12.....	Charge of \$30.00 for appraising 21 ships H.C. at Halifax.	900.00
	H.C. 154.....		525.00
	H.C. 153.....		650.00
	H.C. 58.....		400.00
	H.C. 23.....		675.00
	H.C. 3.....		650.00
	H.C. 8.....		900.00
	H.C. 16.....		1,000.00
	H.C. 22.....		3,000.00
	H.C. 156.....		506.55
	H.P.C. 21.....		10,000.00
	<i>Magog</i> .....	\$25.60	2,000.00
	<i>Ville Class Tugs</i> .....	50.00	7 to 10,000.00
	<i>Wooden Glen Tugs</i> .....	10.00	25,000.00
		(uncomplete)	
	<i>Steel Glen Tugs</i> .....	50.00	55,000.00
	<i>Steel Tanacs</i> .....	50.00	33,000.00
	<i>Wooden Tanacs</i> .....	50.00	20,000.00
	<i>Norton</i> .....	50.00	205,000.00
	<i>Helena</i> .....	10.00	6,000.00
	<i>Lisgar</i> .....	10.00	5,000.00
	<i>Interceptor</i> .....		Unsold
	<i>Aloma II</i> .....		7,000.00
	<i>Elaine W</i> .....	100.00	10,000.00
	<i>Brig. Macdonald</i> .....	for group (4 days at \$25.00 per day)	1,000.00
	<i>Venture II</i> .....		27,600.00
	<i>Netsman</i> .....		300.00
	H.C. 75.....		300.00
J. Paterson, Halifax.....	<i>Glenella</i> .....	N/C	57,000.00
	<i>Standard Coaster</i> .....	N/C	unsold
	<i>Sampson</i> .....	N/C	4,500.00

There is no set basis on which the appraisal fees or costs are calculated. In some cases an agreement was reached between ships sales division and the appraiser to survey a number of vessels for a set figure. Usually the fee charged for appraising ships depends on the amount of work involved and the size of the ship. In several cases two vessels of the same class were appraised and a total fee charged for both, which we divided between the two.

#### Question asked by Mr. Shaw on June 20th

Was the plant of St. Catherines Steel Products advertised for sale or were tenders called?—A. No. This was a negotiated sale without advertising for bids and without having independent valuations made. Sale price was arrived at by the application of War Assets Corporation selling formula applied to cost.

#### Question asked by Mr. Stewart on June 20th

The general statement on the sale of the La Corne Molybdenum Project to Molybdenite of Canada Limited with particular reference to the statement made by Mr. Berry "In order to do this, it was necessary for the Corporation to purchase the Crown assets at a cost which would permit the sale of molybdenum on a commercial basis."

Would you also indicate the formula used for working out the sale price arrived at?—A. This statement should be read as coming from the purchaser, and while the general principle outlined is recognized by War Assets Corporation in negotiated sales such as this, the terms of sale were based on the considered continuing value of the Crown property.

As I said previously, our first considered value of the property was \$93,831 as is shown on the attached sheet. The purchaser offered \$50,000 but this was refused and further negotiations were undertaken.

The following comments on the schedules shown on the attached sheets indicate our judgment of values at the time of negotiating the sale.

#### *Schedule 1.*

In accordance with our general practice and average return on production equipment, it was considered a return of  $33\frac{1}{3}$  per cent was fair and reasonable.

#### *Schedule 2.*

Tentative prices were established in line with previous experience; as will be seen the mine equipment was first valued at 25 per cent and the building at 60 per cent.

#### *Schedules 3 and 4.*

It was generally considered that the major part of these costs would normally be charged to operating expenses and did not represent assets for sale.

The final sales price was finally arrived at as follows.

*Schedule 1:*  $33\frac{1}{3}$  per cent of original cost less cost of installation and foundations \$33,300.

*Schedule 2:* Final prices were left as shown on the attached list with the exception of buildings and the power line which were priced at 50 per cent of original cost.

*Schedule 3:* This was valued at 10 per cent of original cost.

*Schedule 4:* These preproduction costs were arbitrarily valued at 5 per cent of original cost.

### SUMMARY MOLYBDENITE CORPORATION OF CANADA

(LA CORNE PROJECT)

*Memo to File*

#### *Schedule 1—Movable Machinery and Equipment*

Classification	Invoice Price		Cost of Installation		Cost of Foundations		Total Cost	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Power House.....	15,536	53	6,851	95	2,703	27	25,091	75
Mill and Crushing Plant.....	46,006	28	27,257	41	2,850	38	76,114	07
Underground.....	21,978	33					21,978	33
Office Equipment.....	1,293	29					1,293	29
Shops.....	1,652	10	178	90	57	40	1,888	40
Sub-Station.....	5,621	58	788	72			6,410	30
General.....	7,792	91					7,792	91
TOTALS.....	99,881	02	35,076	98	5,611	05	140,569	05

	Original Cost	Offer	Our Price
	\$ cts.	\$ cts.	\$ cts.
<i>Schedule 1—</i>			
Total cost.....	\$140,569 00		
Installation.....	35,076 00		
Net Cost.....	105,493 00	25,000 00	35,000 00
(Our Price at 33 1/3%)			
<i>Schedule 2—Improvements—</i>			
(a) Water Supply.....	7,311 00	700 00	1,500 00
(b) Mine Equipment.....	24,487 00	5,000 00	6,000 00
(c) Telephone Lines.....	260 00	260 00	260 00
(d) Repair Power House.....	3,975 00		795 00
(e) Repair General Bldg.....	3,169 00		634 00
(f) Sewers, etc.....	569 00		142 00
(g) New Building.....	30,262 00	10,000 00	18,000 00
(h) Power Line.....	14,954 00	7,000 00	10,500 00
<i>Schedule 3—Rehabilitation.....</i>	26,894 00		5,400 00
<i>Schedule 4—Preproduction—</i>			
(a) Preparation.....	32,948 00		6,500 00
(b) Exploration.....	16,251 00		1,600 00
(c) Development.....	75,669 00		7,500 00
(d) Test Plant.....	38,521 00		
GRAND TOTALS.....	407,763 00	47,960 00	93,831 00

Mr. McGREGOR: And what is schedule 3—

The WITNESS: Schedule 3 is rehabilitation; that was work on the mine, preparing it to start working again, and probably maintenance work which had been neglected previously.

*By Mr. Probe:*

Q. These invoiced prices represent cost in the first instance?—A. The invoiced prices, the cost of installation, the cost of foundation and the total cost represents the cost to the Crown, yes. I think you will find if you add up the calculated figures and their relation to sales price that the final figure on my percentaged year comes to \$78,000 odd, and the sale was made if I remember correctly at \$75,000.

Q. That would be about 15 per cent or 18 per cent?—A. Just under 18 per cent. Schedules 2, 3 and 4 were quite difficult to assess as to their actual value.

*By Mr. McGregor:*

Q. How did you get your total here of \$407,763?—A. The total cost is \$443,068. The total cost which I reported originally on this was \$443,068.48. The total of all the costs shown on this report come to \$442,837, and to that you have to add \$231. That \$231 represents capital expenditures since February 28, 1945, to November 20, 1945—roughly, the total amount spent was \$443,000.

Q. And it was sold for \$93,000?—A. It was sold for \$75,000.

Q. It shows a grand total here of \$407,000. Where do you get anything over and above that?—A. You have \$407,763, plus the cost of installation \$35,076.

The CHAIRMAN: That is a total of \$442,839.

Mr. PROBE: That grand total is just the invoiced price, the original cost of the materials, I imagine.

The WITNESS: The reason for not including the cost of installation is that we do not use the cost of installation in calculating the resale price.

Mr. McGREGOR: Where do you get the sale price on it. The sale price as I see it here is about—



The WITNESS: That was previously reported to the committee, Mr. McGregor. I believe it was included in a list of plants which sold for less than 50 per cent of original cost. You will find that in the Minutes of Proceedings and Evidence No. 18, at page 588. There is a report of the sale of that plant there.

Mr. BRADETTE: Mr. McGregor said to proceed, that he is satisfied.

The WITNESS: Very well. I shall proceed with the next question.

*Question asked by Mr. Stewart on June 20*

Q. Are prefabricated houses being manufactured by Canadian Comstock?—A. No.

In order to clarify this answer the following is an extract from a letter written by the Canadian Comstock Company to War Assets Corporation dated October 17, 1945:—

The use to which we intend putting the property in the event that sale thereof is made to us, is as a manufacturing and assembling plant for a new type low-cost-housing utilities unit to be sold under the trade name of "Unitility" which is a complete unit built on a steel chassis and designed to serve all kitchen, bathroom and house heating needs (exclusive of radiators and pipes) in a single assembly.

Canadian Comstock Company Limited possesses the sole manufacturing and selling rights of "Unitility" for Canada and all parts of the British Empire; and it is anticipated that under full development a substantial volume of export business can be attained.

*Question asked by Mr. Stewart on June 20*

Q. It is requested that the agreement covering the sale of Research Enterprises Limited to Corning Glass be tabled. Also a copy of any correspondence indicating commitments made.—A. In reply to this question, I submit herewith a copy of the agreement requested, together with a copy of a letter dated April 12 addressed to the Right Honourable C. D. Howe, Minister of Reconstruction and Supply, by Mr. Charles La Follette, Vice President of the Corning Glass Works, setting forth the commitments which this firm undertook and on which the sale was predicated.

*By Mr. Probe:*

Q. That is April 12 of this year?—A. April 12, 1945. Could I have permission to take those documents as read, Mr. Chairman?

The CHAIRMAN: Is that agreed?

Some Hon. MEMBERS: Agreed.

(Documents referred to follow.)

File No. 223-300-84

P.C. 5927 P.C. 3670/45

This agreement made as of the 15th day of June, 1945,

BETWEEN:

HIS MAJESTY THE KING IN RIGHT OF CANADA (hereinafter called "His Majesty") herein represented by the Honourable the Minister of Reconstruction (hereinafter called "the Minister")

OF THE FIRST PART:

and

Corning Glass Works of Canada Ltd., a Company incorporated under the Dominion Companies Act and having its head office in the Town of Leaside (hereinafter called "Corning")

OF THE SECOND PART:

Whereas His Majesty is the owner of certain lands in the Town of Leaside in the Province of Ontario, lying to the west of Brentwood Road and to the north of the lands formerly known as Parkhurst Boulevard and of the buildings constructed thereon, the whole presently occupied by a wholly Crown owned company, Research Enterprises Limited (hereinafter called "Research"); and

Whereas His Majesty has agreed to sell and Corning has agreed to purchase a portion of such lands, the buildings and improvements thereon and certain equipment therein, for the price and on the terms hereinafter set forth; and

Whereas the said lands, buildings, improvements and equipment are served by certain sewers, drains, water mains, gas mains and power lines running through, upon or under the lands owned by His Majesty adjoining the Corning lands; and

Whereas low pressure boilers and equipment for the production of steam are located in a certain building on the Corning lands known as Building 14 and heretofore steam for heating purposes has been furnished therefrom to certain buildings known as Buildings 15 and 16 owned by His Majesty and located on the lands adjoining the Corning lands;

Now therefore, in consideration of the mutual covenants herein contained and of other good and valuable consideration, the parties hereto covenant and agree each with the other as follows:

1. His Majesty hereby agrees to sell, convey, assign and transfer to Corning and Corning hereby agrees to purchase from His Majesty the following:

- (a) those lands forming part of Block "Y" according to Registered Plan 3001 and Lots 1007 and 1008 according to Registered Plan 1925, in the Town of Leaside, shown and outlined in red on the Plan attached hereto;
- (b) all buildings and improvements upon such lands; and
- (c) all equipment presently installed in the said buildings and improvements for the purposes of heating (including without restriction the entire steam generating system and the hot water heater), lighting, power supply, sanitary services, ventilation, fire fighting and the P.A.X. system applicable to Building No. 14 (being one of the buildings located upon such lands), which said equipment is generally (but not so as to restrict the foregoing) shown upon the copy of the certified blueprints of the said Building heretofore delivered by Research to Corning and the fence and the two small wind breaks on the north side of the said Building No. 14 (it being understood and agreed that

the large motorized wind break is not included in the sale and His Majesty will cause the same to be removed and will at his expense repair any damage caused to Building No. 14 thereby);

(The whole of said lands, buildings, equipment and small wind breaks being herein called "the Corning lands").

2. As consideration for the said sale, conveyance, assignment and transfer Corning hereby covenants and agrees to pay to His Majesty (War Assets Corporation being hereby designated until further notice as the agent of His Majesty to receive the payments herein provided) the sum of One Hundred and Fifty Thousand Dollars (\$150,000) in Canadian funds, payable as follows:—

the sum of Fifty Thousand Dollars (\$50,000) cash upon the execution of this agreement (receipt whereof is hereby acknowledged by His Majesty) and the balance of One Hundred Thousand Dollars (\$100,000) cash upon closing.

3. His Majesty agrees to deliver up to Corning vacant possession of the Corning lands as soon as reasonably practicable and it is understood and agreed that vacant possession of the various portions of the Corning lands shall be delivered approximately at the dates specified in the Floor Plan of Building 1A and a copy whereof is annexed hereto, PROVIDED, HOWEVER, that the delivery of vacant possession of the various portions of the Corning lands (including Building 14) may be delayed to the extent made necessary by reason of requirements of His Majesty of the Corning lands or portions thereof for war purposes but in any event complete vacant possession thereof shall be delivered on or before the 31st day of March, 1946.

4. (a) IT IS AGREED that until March 31, 1946, or until vacant possession of the whole of the Corning lands is delivered to Corning (if said possession is delivered prior to March 31, 1946) whichever is the earlier. His Majesty will continue at his own expense to operate the boilers and equipment located on the Corning lands for the production of steam and heat and will furnish steam and heat for the reasonable supply of steam for heating purposes to the building on the Corning lands and for the reasonable hot water requirements therein other than steam or hot water for processing purposes, without prejudice to the supply of steam for reasonable heating purposes to said Buildings 15 and 16. For steam supplied for said heating and hot water requirements to that part of the building on the Corning lands actually occupied by Corning from time to time until March 31, 1946, (so long as during said period vacant possession of the whole of the said building has not been delivered to Corning), Corning shall pay monthly to His Majesty an amount calculated at the rate of thirteen cents (13c) per square per annum of floor space from time to time occupied by Corning during said period.

(b) On and from April 1, 1946, or on and from the date when Corning shall have received vacant possession of the whole of the Corning lands (whichever shall be the earlier date) Corning will, subject as hereinafter provided, instal at its own expense an adequate meter for the purpose and will supply steam to His Majesty or his assigns for the reasonable heating and hot water requirements of said Buildings 15 and 16, provided that Corning shall not be obligated to furnish steam to His Majesty or his assigns under the provisions of this paragraph at a rate in excess of Twelve Thousand Five Hundred (12,500) pounds per hour. For steam so supplied His Majesty shall pay to Corning monthly One Dollar (\$1) for each One Thousand (1,000) pounds of steam so supplied by Corning to said Buildings 15 and 16 up to Fifteen Million (15,-



000,000) pounds in any calendar year. For any steam supplied to said buildings in excess of Fifteen Million (15,000,000) pounds in any calendar year the price of such excess shall be Ninety Cents (90c) for each One Thousand (1,000) pounds and the accounts with respect to steam as between His Majesty and Corning shall be adjusted in such calendar year to give effect to the reduced price of such excess steam.

(c) Notwithstanding anything herein contained the obligation of Corning to supply steam to said Buildings 15 or 16 or both shall cease and determine on the 31st day of March, 1949, or two years after the cessation of the actual hostilities in which His Majesty is now engaged with Japan, whichever is the later date.

(d) IT IS FURTHER UNDERSTOOD AND AGREED that whenever and to the extent that Corning shall be unable to fulfil in whole or in part or shall be delayed or restricted in the fulfilment of its obligation to supply steam as hereinbefore set forth whether by reason of breakdown of equipment, inability to obtain material, fuel or labour or by reason of any statute, law or order in council or any regulation or order passed or made pursuant thereto or purporting so to be or by reason of the order or direction of any administrator, controller or board or any department or officer or other authority of government, or by reason of not being able to obtain any permission or authority required thereby or by reason of strikes, lockouts, act of God or the King's enemies, fire, tornado, flood or any other cause beyond its control, whether of the foregoing character or not, Corning shall not be held responsible and shall not be liable to His Majesty or to any person, firm or corporation for any damages, whether direct, indirect or consequential, resulting directly or indirectly from failure to supply or delay or restriction in the supply of said steam. Corning agrees with His Majesty to use its best effort to ensure a continuance of the supply of steam pursuant to the provisions of this agreement.

5. (a) His Majesty, for himself and his successors in title, shall grant to Corning, its successors and assigns in fee simple the right in common with His Majesty, his successors in title, and all other persons having the like right to use in perpetuity the storm discharge drain and the existing connections thereto the approximate lines and positions of which are outlined in yellow on the Block Plan hereto annexed and initialled on behalf of His Majesty and Corning (hereinafter referred to as the said Block Plan) for the passage or conveyance of water or other refuse (provided the passage of such refuse is not contrary to any relevant statute or any by-law of the Municipality of Leaside) from the Corning lands. His Majesty agrees for himself and his successors in title, to repair and maintain those portions of the said storm discharge drain and existing connections thereto running through or under those portions of His Majesty's lands adjoining the Corning lands. His Majesty, for himself and his successors in title, shall further grant to Corning, its successors and assigns the right to enter upon such portions of the lands adjoining the Corning lands upon or through which the said storm discharge drain runs for the purpose through its servants, agents, employees and contractors of repairing and maintaining the said storm discharge drain.

(b) Corning for itself, its successors and assigns, shall grant to His Majesty and his successors in title in fee simple the right in common with Corning, its successors and assigns and all other persons having the like right to use in perpetuity that portion of the storm discharge drain and the existing connections the approximate lines and positions of which are outlined in yellow on the said Block Plan and which runs upon and through the Corning lands for the passage or conveyance of water or other refuse (provided the passage of such refuse is not contrary to any relevant statute or any by-law of the Municipality of Leaside)

from such portions of the lands adjoining the Corning lands as may be owned by His Majesty and his successors in title. Corning agrees for itself, its successors and assigns, to repair and maintain those portions of the said storm discharge drain and existing connections thereto running through or under the Corning lands. Corning for itself, its successors and assigns, shall further grant to His Majesty and his successors in title the right to enter upon the Corning lands for the purpose of repairing and maintaining through his servants, agents, employees and contractors that portion of the said storm discharge drain and connections thereto which runs upon or through the Corning lands.

(c) It is agreed that the expense of repairing and maintaining those portions of the said storm discharge drain and connections thereto in or under the lands of His Majesty or his successors in title shall be borne by His Majesty or his successors in title as the case may be and the expense of repairing and maintaining those portions of said storm discharge drain and connections thereto in or under the lands of Corning or its successors in title shall be borne by Corning or its successors in title, as the case may be.

6. It is agreed that Corning, its successors and assigns, may connect a gas main (with suitable metering equipment) from the Corning lands to the gas main the approximate course and position of which is outlined in green on the said Block Plan and subject to the limitations herein contained, His Majesty for himself and his successors in title shall grant to Corning, its successors and assigns, in fee simple to use the said gas main for the supply of gas to the buildings or equipment now or hereafter situated or constructed on the Corning lands for all purposes and Corning by its servants, agents, employees and contractors shall have the right to enter upon the portions of the lands adjoining the Corning lands and make, repair, maintain and enlarge such connections and such main at its own expense. In the event that Corning shall enter upon the lands of His Majesty for the purposes aforesaid Corning agrees to cause as little damage as possible thereto. It is agreed that His Majesty or his successors in title may terminate the right of Corning, its successors or assigns, to use the said gas main on reasonable notice in writing given to Corning after title to the lands formerly known as Parkhurst Boulevard become vested in the municipality in which the lands are situate. The length of such notice shall not in any event be less than ninety (90) days and shall be of such length as will allow reasonable time under the then existing conditions and government restrictions or orders to lay a gas main from the then existing main of the appropriate public utility to the Corning lands. Nothing herein contained shall be deemed to impose any obligation on His Majesty or his successors in title to supply gas to Corning and any gas which Corning may receive through said gas main or other conduit from any public utility or otherwise shall be paid for by Corning.

7. His Majesty for himself and his successors in title shall grant to Corning, its successors and assigns, until the title to the lands formerly known as Parkhurst Boulevard shall have become vested in the Municipality in which such lands are situate and shall have become a public street the right in fee simple to use the sanitary drain the approximate lines and positions of which are outlined in blue on the said Block Plan for the passage or conveyance of water and sewage from the Corning lands and for this purpose His Majesty shall for himself and his successors in title further grant to Corning its successors and assigns and their respective servants agents employees and contractors until such time as aforesaid the right to enter upon the lands owned by His Majesty upon or through which the said sanitary drain runs for the purpose of repairing and maintaining at its or their expense the said sanitary drain.



8. His Majesty for himself and his successors in title shall grant to Corning its successors and assigns in common with His Majesty his successor in title and all other persons having the like right the right in fee simple for all persons, animals and vehicles to use the private road outlined in green on the attached Plan and being an extension into the lands owned by His Majesty from Vanderhoof Avenue at all times and for all purposes connected with the use and enjoyment of the Corning lands and for whatever purpose the Corning lands may from time to time be lawfully used and enjoyed. It is agreed that this right shall cease and determine ninety (90) days after title to the lands formerly known as Parkhurst Boulevard shall have become vested in the municipality in which such lands are situated.

9. Immediately prior to the date when title to the lands known as Parkhurst Boulevard shall have become vested in the municipality in which such lands are situate, His Majesty for himself and his successors in title shall grant in fee simple to Corning, its successors and assigns in common with His Majesty, his successors in title and all other persons having the like right, a right of way for all persons, animals and vehicles and for all purposes normal to the use of a public thoroughfare over, along and upon the lands formerly known as Parkhurst Boulevard shown outlined in green on the attached Plan at all times and for all purposes connected with the use and enjoyment of the Corning lands and for whatever purpose the Corning lands may from time to time be lawfully used and enjoyed. It is agreed that the right hereby granted shall terminate when title to the said lands formerly known as Parkhurst Boulevard shall have become vested in the municipality in which such lands are situate and have become a public street.

10. His Majesty for himself and his successors in title shall grant to Corning its successors and assigns in fee simple the right at no expense to His Majesty to enter upon that portion of the lands owned by His Majesty outlined in green on the attached Plan and being formerly a part of Leslie Street in the Town of Leaside and to construct or cause to be constructed thereon and thereafter to use with the consent of the Railway a railway siding with a single line of rails and all proper or usual accessories suitable for use by a railway for the purposes of a siding. It is agreed that, subject to the consent of the Canadian National Railway, the said siding is to be connected at no expense to His Majesty to a siding now owned or leased by His Majesty which enters upon that portion of the said lands formerly known as Leslie Street and His Majesty for himself and his successors in title hereby agrees that Corning its successors and assigns shall have the right to connect to the said siding owned and/or leased by His Majesty and agrees to the reasonable use of the said siding by Corning, its successors and assigns, subject to payment to the railway by Corning, its successors and assigns of such fair and reasonable amount as may be charged by the railway for such use. Corning acknowledges that His Majesty may abandon the expropriation of the lands owned by His Majesty and formerly known as Leslie Street or convey the same to the Town of Leaside, subject to the rights herein granted.

11. Corning for itself, its successors and assigns shall grant to His Majesty and his successors in title in fee simple in common with Corning its successors and assigns and all other persons having the like right a right-of-way over and upon the Corning lands (north and north-east of the railway siding to be constructed by Corning) and all times for all persons, animals and vehicles of the width of forty-one feet (41') the approximate site and course of which are shown on the attached Plan and coloured brown. Corning agrees to dump any fill which may be available to it (resulting from any excavation done by Corning on



the Corning lands) in or about such portions of the ravine now situate in the north-east portion of the Corning lands as Research may direct. It is agreed that the location of the said siding to be constructed by Corning shall in no event be further north or north-east than the location of the said siding shown on the attached Plan and that the location of the said right-of-way coloured brown shall be immediately to the north and north-east of the said siding in such a position as will not interfere with the reasonable use thereof by Corning. It is agreed that any expense in maintaining the said right-of-way shall be borne—by His Majesty or his successors in title. Corning for itself, its successors and assigns shall also grant to His Majesty and his successors in title the right to construct or cause to be constructed upon the said right-of-way a railway siding at His Majesty's expense and shall grant to His Majesty and his successors in title at his or their expense the right to connect said railway siding with the railway siding to be constructed by Corning or which Corning will cause to be constructed approximately in the manner and as indicated on the said attached Plan.

12. His Majesty hereby agrees to the use by Corning its successors and assigns of the power lines now serving the Corning lands from the lands formerly known as Parkhurst Boulevard for the purpose of the conduct of power and further agrees that His Majesty will repair and maintain the said power lines for the purposes of Corning. It is further agreed that the right hereby granted shall terminate when the title to the lands owned by His Majesty and formerly known as Parkhurst Boulevard shall have become vested in the municipality in which such lands are situate. For the use of said power lines prior to March 31, 1946, Corning shall pay to His Majesty a rental of \$100.

13. Corning agrees that the lavatory situate in the south-eastern portion of the Corning lands may be used by employees of His Majesty until March 31, 1946, and thereafter such use may be terminated by thirty (30) days' written notice from Corning to His Majesty.

14. Corning agrees that His Majesty shall have the non-transferable right to continue to maintain wires for the conduct of power for lighting purposes over the Corning lands for servicing the operations of His Majesty on His Majesty's lands now located to the east of the Corning lands. His Majesty agrees at his expense to instal an adequate meter for the purpose of measuring the power used through such system and will pay Corning the cost to Corning of such power.

15. Corning hereby agrees with His Majesty that it will permit Research to have the non-transferable right to use in common with Corning the incinerator heretofore used by Research and located on the Corning lands and Corning agrees to consult with Research and His Majesty agrees to cause Research to consult with Corning with a view to reaching mutually satisfactory arrangements from time to time for the use of the said incinerator. It is understood and agreed that the expense of operating the said incinerator and maintaining the same in good repair shall be divided between His Majesty and Corning.

16. The parties hereto agree to permit the connection for emergency purposes of the water supply system serving the Corning lands and the water supply system serving the adjoining lands of His Majesty. Corning shall instal, at the joint expense of His Majesty and Corning, an emergency valve at a point where the water mains serving His Majesty's lands enter the Corning lands and the said emergency valve shall be kept shut and shall only be utilized in the case of emergency. Either party or their respective successors in title shall have the right on ninety (90) days' notice in writing to the other to sever

such connection and in such event, His Majesty for himself and his successors in title agrees to grant to Corning his successors and assigns in fee simple the right in perpetuity to use that portion of the existing water main in under or upon the lands of His Majesty which lies immediately to the north of the Corning lands (the approximate lines and positions of which water main are outlined in red on the said Block Plan) and the right in perpetuity to construct connect and maintain a water main from the north-west corner of the Corning lands to that portion of the said water main lying to the north of the Corning lands and to use the same for the purposes of the water supply system of the Corning lands. His Majesty for himself and his successors in title shall grant to Corning its successors and assigns and their respective servants, agents, workmen and contractors the right to enter upon the necessary portions of the lands of His Majesty or his successors in title as the case may be for the purpose of repairing and maintaining the said portion of the water main.

17. Any notice required or permitted to be given hereunder shall be sufficiently given if mailed by prepaid registered post from Toronto, Ottawa or Leaside, Canada addressed to the party to whom it is to be given, in the case of His Majesty to the Minister of Reconstruction, Ottawa, Canada, and in the case of Corning to Leaside, Ontario, and in such event shall be deemed to have been received by the party to whom it is so addressed on the first business day next following its mailing as aforesaid.

18. His Majesty and Corning covenant each with the other that they will execute such further assurances of the lands premises rights easements licenses and privileges herein contained as may be requisite and as counsel may advise to be necessary or desirable whether for the purposes of registration or otherwise. In particular without in any way limiting the generality of the foregoing His Majesty agrees to cause letters patent to be issued conveying title in fee simple free from encumbrance to Corning of the Corning lands and embodying the various permanent rights-of-way agreed to be granted or given and to deliver the said letters patent to Corning upon payment by Corning of the balance of the purchase price of the said lands premises appurtenances and equipment. Until delivery of said letters patent any occupation of the Corning lands or any part thereof by Corning or any exercise of a right by Corning consistent with ownership of said lands shall be without prejudice to Corning's right to obtain by said letters patent good title in fee simple free from encumbrance of the Corning lands.

19. Corning agrees with His Majesty to comply with all security regulations imposed by His Majesty with respect to his premises operated by Research until vacant possession of the whole of the Corning lands shall have been given to Corning and until title to the lands formerly known as Parkhurst Boulevard shall have become vested in the municipality in which such lands are situate.

20. No member of the House of Commons of Canada shall be admitted to any share or part of this contract, or to any benefit to arise therefrom.

In witness whereof this agreement has been executed on behalf of his Majesty the King in Right of Canada and by Corning Glass Works of Canada Ltd. under its corporate seal attested by the hands of its proper officers duly authorized in that behalf.

WITNESS

" ? "

HIS MAJESTY THE KING IN RIGHT OF  
CANADA

By "C. D. HOWE"

Approved as to errors

"J. H. BERRY" 4/9/45

and  
CORNING GLASS WORKS OF CANADA LTD.  
Per " ? "

as to Form

"W. E. P. DE ROCHE"

Chairman of the Board  
Per "JOHN L. WORTH", Sec. Treas.

"I hereby certify that the within is a true copy of an Original Agreement dated the 15th day of June, 1945, made between His Majesty the King in right of Canada and Corning Glass Works of Canada Ltd., save and except that there have been omitted therefrom the following: Plans

M. E. F.

W. HENDERSON,  
*Supervisor of Dittoed Contracts*

"MAIN POOL"

## CORNING GLASS WORKS

CORNING, NEW YORK

April 12, 1945.

Honourable C. D. HOWE:  
Minister of Reconstruction,  
Ottawa, Canada.

DEAR SIR:

### 1. *Brief Description of Corning Glass Works.*

Corning Glass Works (herein sometimes called "Corning") is a corporation organized and existing under the laws of the State of New York and it or its predecessors has been engaged in the manufacture of glass in the United States since the year 1868. It produces miscellaneous glass articles at six plant locations employing over 10,000 people and is the foremost producer of technical glassware in the United States.

### 2. *Present Activities in Canada.*

Corning now sells consumers ware goods in Canada manufactured by it in the United States but distributed through a Canadian distributor. The items so distributed include heat-resisting PYREX brand ovenware and flameware.

### 3. *Proposed Change of Canadian Operations.*

Corning plans to transfer to Canada a substantial part of the manufacturing operations necessary to supply the Canadian market and to expand the same as conditions warrant. It proposes to accomplish this by establishing in Canada a wholly owned subsidiary Canadian Company which will have title to and operate the plant.

### 4. *Contemplated Operations.*

Corning expects to produce in the plant heat-resisting glassware by means of operations which include mixing, melting, forming, annealing and inspection and packaging. One continuous glass melting furnace will be used for producing automatic press baking ware. In addition there may be fabrication of consumers articles partly manufactured in the United States. Also part of the plant will be devoted to warehouse storage.

Initial production of the Canadian plant will be confined to baking ware including pie plates, custard cups, casseroles, utility dishes, mixing bowls, etc., but later it is hoped to manufacture in Canada technical glassware such as optical glass, chemical apparatus, signal lights and other railroad and marine ware, etc.



### 5. *Personnel.*

The original operation will require the employment of approximately 100 people substantially all of whom will be obtained from local sources. Of these about 15 will be included in the managerial and clerical staff and the balance hourly labour. As operations are expanded it will be necessary to enlarge the force.

### 6. *Sources of Supply and Equipment.*

All manufacturing supplies to the extent available will be purchased in Canada including such items as packing material, fuel, power, etc. Certain items such as specific chemicals because of peculiar qualities necessary in glass manufacturing must be obtained elsewhere.

As mentioned in paragraph 9 most of the materials and equipment for the capital expenditures referred to therein will be purchased in Canada including such items as bricks, steel, building supplies, moulds, etc.

### 7. *Effect on Prices to Canadian Consumer.*

As far as is known to Corning there are no other plants manufacturing in Canada similar items of heat resisting glassware and the other items as mentioned in paragraphs 2 and 4 hereof and all of such items at the present time are imported from outside the Dominion. By manufacturing consumers products in Canada Corning expects to substantially reduce the price of such consumer products to Canadian consumers.

### 8. *Export Policy.*

Due to war conditions and uncertainty as to the future in international world markets it is not now possible to state to what extent the Canadian plant can be utilized for the manufacture of consumers ware or other products for export. It is confidently hoped and expected, however, that as world conditions become more stabilized the Canadian plant will be able to participate in the development of Canada's export trade.

### 9. *Proposal to Purchase.*

For the purposes of its Canadian operations Corning would, under normal conditions, require a floor area of approximately 40,000 square feet and would have wished to build a new plant in Canada specially designed and constructed for its operations. Realizing, however, the desirability of establishing the Canadian operation at the earliest possible moment, having regard to availability of labour and manufacturing materials, and appreciating that to embark on a construction program would needlessly utilize construction materials urgently required for war use, Corning has decided that by making the additional investment referred to hereunder it could utilize the plant owned by the Dominion Government, operated by Research Enterprises, Limited and located on Parkhurst Boulevard in the town of Leaside, Ontario.

Accordingly, Corning herewith makes an offer to purchase (title to be taken in the name of the new Canadian subsidiary to be incorporated) that part of the plant and equipment herein described:—

(a) The boundaries of the part of the premises proposed to be purchased are shown by red lines on the annexed Plan dated February 7, 1945, of lots 1007 and 1008 and part of Block Y and are more particularly described as follows:—

Beginning at the intersection of the westerly line of Leslie Street with the northerly line of Parkhurst Boulevard marked by a round iron bar as shown on said Plan and running thence N. 74° E. along said northerly line of Parkhurst Boulevard 1,205 ft. 8.5 in. to a point; thence N. 16° 01' 30" W. 292 ft. 1 in. to the southerly line of a right-of-way as shown

on said Plan; thence easterly along said southerly line of said right-of-way and parallel with said northerly line of Parkhurst Boulevard 1194 ft. to said westerly line of Leslie Street; thence southerly along said westerly line of Leslie Street as shown on said Plan 292 ft. 4 in. to the place of beginning.

We understand that the building on these premises is now being used for assembly operations and contains certain manufacturing and other equipment, which is not included in our proposal to purchase except as stated below, and which we assume Research Enterprises would move from the building. We further understand that possession of at least a part of the building could be given to us in June 1945, so that Corning could immediately commence to alter it and make it suitable for the contemplated manufacturing operations. We would require complete possession not later than December 31, 1945.

(b) There is included in the proposed purchase the three boilers, the hot water heater, the 40 H.P. air compressor and all equipment and machinery now located in the plant and utilized for ventilating, heating, lighting, plumbing and power.

(c) Corning plans to operate the purchased premises as a separate unit and before it can be used in this manner it is necessary that a railroad siding be constructed connecting the plant with the Canadian Pacific Railway. Said proposed side track from the point of departure from the Canadian Pacific Railway line to its terminus is shown on said Plan by yellow lines. Permission to construct the side track in streets of the town of Leaside must be obtained. Also, the rolling stock on the side track will project five or six feet over the northerly boundary of the premises proposed to be purchased and the right to use the side track in this manner is requested as part of this offer. The construction of such railroad siding and acquisition of the right-of-way for it would not be an expense of the government.

In considering the capital cost of establishing manufacturing facilities in Canada Corning has finally concluded that its capital investment should not exceed approximately seven hundred seventy thousand (770,000) Canadian dollars. Accordingly, subject to the conditions hereof, Corning offers to purchase the said land, building and equipment as above specified for the sum of \$150,000 Canadian dollars payable in Cash against delivery of the documents conveying good title, free from encumbrance, to the Canadian subsidiary of Corning. At the same time Corning undertakes, if this offer is accepted to proceed with its plans as herein outlined at the earliest opportunity consistent with the availability of the necessary equipment, machinery and materials, which will result in capital expenditures of approximately \$621,000 Canadian dollars as follows:—

On the building.....	\$ 34,000 (Canadian) approximately
Permanent installations, such as	
tank furnace, lehrs, etc.....	282,000 (Canadian) approximately
Machinery and Equipment.....	305,000 (Canadian) approximately

The above mentioned expenditures on the building and for permanent installations, totalling approximately \$316,000 are of a permanent nature and could not be removed except at an excessive cost.

Most of the materials and equipment for the capital improvements will be purchased in Canada, including such items as bricks, steel, lumber and other building supplies. Of the machinery and equipment certain of it will be procurable in Canada but a portion will have to be brought into Canada from the United States. Included in the above item for machinery and equipment is approximately \$90,000 representing Canadian labour cost for machining of moulds to be done in Canada.

If this proposal is acceptable to you, kindly so advise us and we will proceed at once with the formation of our Canadian subsidiary, so that the transaction can be closed as soon as possible.

Yours very truly,

CORNING GLASS WORKS,

By CHARLES LA FOLLETTE,  
Vice President.

CDL'T

The WITNESS: Continuing:

*Question asked by Mr. McCullough on June 18th, 1946*

Q. The contract agreement covering the sale of Dominion Magnesium made in October 1942 to the custodian stated that the purchaser would undertake to sell for the Crown the finished products on hand as of May 1st, 1945. May a statement be prepared showing the quantity of finished products on hand as of May 1st 1945, and the quantity on hand as of this date.—A. The metal inventory, as of April 30, 1945, amounted to 3,565,707 lbs. Metal sold from May 1/45 to April 30/46 amounts to 248,639 lbs for which we have realized the amount of \$51,757.42. The amount of metal still on hand as at May 1/46 is 3,317,068 lbs.

*Question asked by Mr. Stewart on June 18th, 1946*

Q. Is the purchaser of Dominion Magnesium Limited being paid a commission for the sale of magnesium products as an agent of the Crown?—A. No.

Q. Is he paying one cent per pound as agreed?—A. Yes.

Mr. PROBE: Are those all the answers? Is that the end?

The CHAIRMAN: No, not quite.

The WITNESS: No. I have quite a number more. Continuing:

*Question asked by Mr. McGregor on June 4, 1946*

Q. Original cost of Sicard snowblower sold to the Town of Latuque for \$9,229.00. How was the sale price calculated?—A. Original cost of Sicard snowblower sold to Town of Latuque \$19,223.87. At the time this sale was made the price of a new snowblower containing several important improvements, was \$18,755.00.

The price to Latuque was arrived at as follows:—

The original cost was subject to depreciation of 25 per cent for first year's use, and 20 per cent for each of two following years.

*By Mr. McGregor:*

Q. Why was the cost of this snowplough less than the price they paid for it later on? Had the price come down?—A. The price had come down.

Mr. PROBE: They are not selling to the government any more.

The WITNESS: Maybe there were improved manufacturing methods. Continuing:

*Question asked by Mr. McGregor on June 4th*

Q. Sale of D-2 Caterpillar Tractor, Serial No. 5J—5839 SP to Franciscan Fathers, Montreal, for \$1,200. How was the sales price calculated?—A. Tractor purchase price, \$2,113.44; D-2 Hyster Winch, \$920.00; Total, \$3,033.44.



Price based on physical condition of tractor. Customer picked up tractor relieving W.A.C. of loading charges.

*Question asked by Mr. Reid on June 4th, 1946*

Q. Six D-2 Caterpillar Tractors sold to Power Equipment Co., Port Arthur, Ont. Were these new or used? What general condition were they in? What was the average original cost to the Crown? Under what special conditions or considerations was this sale made ahead of priority request?—A. All used. Fair condition. Five Tractors only sold to Power Equipment Co., the original list should be corrected as Tractor Serial No. 5J—5072 SP is duplicated.

	Cost Price	Sold for
1—5J-4520 SP—	\$3,365 00	\$2,750 00
2—5J-5072 SP—	3,222 00 plus	
	920 00 for winch	2,750 00
3—5J-5024 SP—	3,222 00 plus	
	920 00 for winch	2,750 00
4—5J-5836 SP—	2,113 00	2,259 00
5—5J-5826 SP—	2,113 44	2,250 00
Total	\$15,875 88	\$12,750 00

Of the 22 tractors from Goose Bay, Priority claimants had first choice and requested 8 tractors. Residue were sold on Public Tender. Power Equipment Company having submitted highest bid were awarded the 5 tractors.

*By Mr. McGregor:*

Q. They were practically new tractors, were they?—A. Only fair condition.

The CHAIRMAN: How are those prices, Mr. McGregor? How do those prices appear to you?

Mr. MCGREGOR: How do they appear to me?

The CHAIRMAN: Yes.

Mr. MCGREGOR: It all depends on the condition.

Mr. PROBE: If they used the equipment, that would be pretty good. I understood this Goose Bay equipment was pretty wretched.

The CHAIRMAN: What is the next?

The WITNESS:

*Question asked by Mr. Benidickson on June 4th*

Q. Were any of the six D-2 Caterpillar Tractors sold to Power Equipment Co., Port Arthur, Ontario, offered to the Municipality of Jaffray & Mellock, Kenora, Ont. (see Priority Request No. 93) before being sold to the Power Equipment Co. Why and on whose request were these tractors sold to the Power Equipment Company?—A. Jaffray & Mellock, Kenora, Ont. request dated November 2, 1945. Tractors sold October 11, by Public Tender. This avenue was available for Jaffray & Mellock if they had wished to bid at that time.

*Question asked By Mr. Shaw on June 4*

Q. 6 C.G. Cletrac Tractors sold to Irving Machinery, Calgary, Alta., and 5 sold to Wilkinson & McClean, Edmonton.

(a) Were these tractors sold to the above companies before being offered to priority claimants particularly in Alberta and Saskatchewan?

(b) Why and whose request were these tractors sold to the above companies?

(c) What was the original cost of the tractors?

A.

- (a) These tractors were all offered to Priority claimants requesting this type of equipment.
- (b) Tractors sold on Public Tender.
- (c) Original cost—\$2,904.25.

*By Mr. Probe:*

Q. Each?—A. Each.

*Question asked by Mr. Murphy on June 4*

Q. One D-4 Caterpillar Tractor—one D-7 Caterpillar Tractor, one WDK-6 Industrial Traction sold to Western Construction Co. Edmonton, for—\$15,610.

- (a) What was the original cost in each case?
- (b) How was the sale price fixed?

A. (a) Original cost D-4 Tractor c/w.....	
winch .....	\$ 6,588.00
D-7 Tractor c/w Ripper Teeth	
and Winch .....	8,340.00
WD-K-6 Tractor .....	1,948.25
	<hr/>
Total .....	\$16,876.25

- (b) By negotiation with customer.

*Question asked by Mr. McGregor on June 4*

Q. Why did *Dealers* obtain tractors when priority claimants had requests outstanding?

Which of the private purchasers on the list were—

- (a) Dealers (and not users)
- (b) Users
  - (i) on housing projects
  - (ii) on urgent national work
  - (iii) on other work that was specially considered and/or recommended.

A. Tractors were offered on Priority lists to all claimants of priority. Residue were sold on Public Tender in which case all Municipalities were free to forward tenders.

- (a) Power Equipment Co.  
Geo. W. Cruthers  
Irving Machinery  
Wilkinson & McClean      Dealers  
Just Equipment

- (b) Remainder—Users and Priority holders.  
As this equipment was sold on Public Tender we are unable to advise to what work they were put.

*By Mr. McGregor:*

Q. With regard to these tractors sold to the dealers, were they offered to the municipalities?—A. Where there was anybody that had requested a priority on that type of tractor, they were offered to them first, before being sold to the dealer.

Mr. MCGREGOR: And there were no bids from them.

The WITNESS:

*Question asked by Mr. Murphy on June 4*

- Q. Of the 9 tractors sold by direct sale
- (a) What was the original cost of each?
  - (b) To whom were they sold?

A.

1. Sold to Just Equipment Co., Montreal, on Nov. 23/44. Unable to trace original cost to government but present market value of equivalent unit new—\$3,100.
2. Sold to Provincial Paper Co., Port Arthur, Ont., Dec. 4/45. Original cost to government—\$5,331.55.
3. Sold to Provincial Paper Co., Port Arthur, Ont., Dec. 1/45. Original cost to government—\$3,344.34.
- 4, 5, 6. Sold to Western Construction Co., Edmonton, Alta., Dec. 19/45. Original cost—\$16,876.25.
7. Sold to Western Construction Co., Edmonton, Alta., Dec. 19/45. Original cost to government—\$12,978.75.
8. Sold to Dutton Bros. Calgary, Feb. 11/46. Original cost to government—\$5,500.
9. Sold to David G. Thomas, Whitehorse, Y.T., Jan. 11/46. Original cost to government—\$8,056.86.

*By Mr. McGregor:*

Q. What were those sold at?—A. That is on the original list.

The CHAIRMAN: On June 4 you will find those, Mr. McGregor.

Mr. MCGREGOR: The proceedings of June 4, you mean?

The WITNESS: Yes.

*By Mr. Probe:*

Q. For all these, at the time of sale there would be no priority requests before the War Assets Corporation or Crown Assets Allocation Committee?—A. There might be priority requests, but the requester might not wish to take this particular equipment.

Q. They would have had the opportunity, as far as you are concerned?—A. Yes. I believe that is a fair statement. There may be the odd one that slipped away from me somewhere.

Q. Yes.—A. But the general policy is that the priority must be taken care of before going to the dealer.

Q. I am not trying to be facetious at all, but it seems to me that there were quite a few priority claims in at that time and in spite of that, these were going to private companies, so there should be some official explanation as to why the priorities were ignored.—A. I should say generally the priorities were not ignored, but we may have made an error in one or two cases that I do not know about. Continuing:

*Question asked by Mr. McGregor on June 4th*

Q. What policy or formula is used by the Corporation to arrive at the sale price for tractors when the "bid" system is not used?



A. A current price list of construction equipment has been obtained by the Mechanical Division by contacting manufacturers and manufacturers' agent re their products. A depreciation scale, as appended, is then employed against the current market value.

<i>Year of Manufacture</i>	<i>Good Condition</i>	<i>Fair Condition</i>	<i>Poor Condition</i>
1937 .....	45%	40%	35%
1938 .....	50%	45%	40%
1939 .....	55%	50%	45%
1940-41 .....	60%	55%	50%
1942-43 .....	65%	60%	55%
1944-45 .....	75%	70%	65%

This method is used unless the condition is very poor in which case a competent equipment firm is called upon to make an appraisal which is submitted to this Division.

*Questions asked by Mr. Murphy on May 21, 1946*

Q. Approximate value of material invoiced back to custodians who were in charge of Crown owned material but were not in a position to deliver such material to War Assets Corporation. The names of contractors involved, the value of material and if payment has been made.

A. As at the end of May, 1946, we were in the process of invoicing fifteen companies for Crown owned material described in the question.

The total amount involved is \$5,142.67.

As these companies have not yet had an opportunity to settle their accounts with the corporation, I think it only fair that their names should not be included in this report.

Could that answer be accepted, Mr. Chairman? The names of the companies were asked for, but as they have not had the opportunity to settle their accounts, and they may not know they are going to receive the accounts, I think it is hardly fair to table their names.

The CHAIRMAN: I think that is a reasonable request, gentlemen, just on business lines. We would not want to give a list of our bills receivable to the public unless we had first notified those in arrears that the accounts were outstanding.

The WITNESS: The sum involved is very small.

Mr. PROBE: If the amounts were large—

The WITNESS: The sum involved is just over \$5,000.

Mr. GOLDING: I think that is a reasonable request, Mr. Chairman.

The CHAIRMAN: Then we will take it as answered, Mr. Berry.

The WITNESS: Thank you.

*Question asked by Mr. Murphy on May 21, 1946*

Q. What material has been found missing after the corporation has taken custody?

A. As a result of checking up to May 28, 1946, successful prosecutions have been made in twenty-nine cases; in seven further cases, employees were dismissed; there are three cases pending, and in twenty-four cases it was not possible to take positive action due to insufficient evidence of how the loss occurred.

None of these losses was of significant value.

*By Mr. Probe:*

Q. Those are your own employees you are speaking of now?—A. Correct; or rather ex-employees.

Mr. PROBE: Yes. I should hope they would be ex-employees by now. I have a question later on that same thing, or at least on ex-employees.

The WITNESS: Continuing.

Question asked by Mr. Isnor on June 20th.

Q. What was the date of the original sale to Addison Industries Limited of York Arsenals, date on which the sale was cancelled, and date of sale of John Inglis Building to Addison Industries Limited.

A. 1. Addison Industries advised October 23rd, 1945, that their offer had been accepted.

2. Addison Industries advised approximately October 26th that the agreed sale was cancelled.

3. John Inglis Buildings Nos. 20 and 27 sold to Addison Industries Limited on November 8, 1945.

*By Mr. McGregor:*

Q. What date was that?—A. November 8, 1945.

Q. Just while we are on that and before we get away from it, there is one thing I want to get straight about this John Inglis property; what was the cost of the main building sold to Addison's?—A. You will find the answer to that on page 586 of the minutes where it states that buildings No. 20 and 27 of the John Inglis plant cost \$1,767,992.32.

Q. That is the cost of one building, or the cost of both?—A. That is the cost of both buildings.

Q. You are sure of that?—A. Buildings No. 20 and 27.

Q. You are sure that is the cost of the two buildings?—A. Yes.

Q. Was one of these buildings rented?—A. I do not know whether I can answer that now. One of the buildings adjacent to these buildings which were bought by Addison is now a multiple tenancy project.

Q. One of these buildings Addison bought had been rented before you sold it?—A. One of them was in use I think by a contractor for storage of machinery, and in the agreement with Addison, if I remember rightly, the Crown had the option to use that building for a further twelve months without charge if it was found necessary so to use it.

Q. The Crown had the right to use it?—A. Yes.

Q. And the big building was what?—A. The small one was the maintenance building, that was the one which the Crown could use for twelve months from date of sale free of charge.

Q. Wasn't that building rented to someone?—A. It was being used. I do not know whether it was being rented or not.

Q. I understand that building was leased by someone for \$9,000 a year, and that when Addison's bought it that was cancelled.—A. Well, I do not know about that.

Q. Could you find out for us?—A. We can find that out, yes.

*By Mr. Probe:*

Q. The gross realization on these buildings was \$600,000?—A. \$510,000 I think.

Q. You said Dominion Stores made an offer of \$600,000?—A. That is York Arsenals, a different one.

The CHAIRMAN: Will you proceed with your next answer, Mr. Berry?

The WITNESS: The next is the answer to question asked by Mr. Murphy on June 4th:

What buildings and/or land have been sold to companies or individuals on the recommendation of the Department of Reconstruction and Supply?

ANSWER:

1. Boeing Aircraft Plant No. 2 Terminal Avenue, Vancouver, B.C.

Crown cost—\$94,644.37.

This property was advertised for sale and bids were received as follows:

*For Land and Buildings*

C. W. Brockley & Co. Ltd. ....	\$ 40,000 00
Builtwell Furniture, Ltd. ....	40,000 00
Begg Motor Car Co., Ltd. ....	50,000 00
Cranemobile, Limited ....	60,000 00
Vancouver Sun ....	60,000 00
G. H. Cottrell, Ltd. ....	70,000 00
A. P. Madsen & Co. ....	77,000 00
Canada Packers, Ltd. ....	101,000 00

*For Buildings only*

Albright Ladder Co. ....	\$ 15,000 00
C. W. Brockley & Co., Ltd. ....	24,000 00
G. H. Cottrell, Ltd. ....	40,000 00
Canada Packers, Ltd. ....	66,000 00

Valuations were made by independent appraisers as follows:

1. Land ....	\$ 31,625 00
Buildings ....	67,000 00
2. Land ....	27,750 00
Buildings ....	77,000 00

The buildings were sold to Canada Packers, Ltd. for \$72,000.00, the purchaser to make its own agreement with the Canadian National Railways for the land, and to assume an obligation of the Crown re sewer amounting to \$7,150.00.

2. Building No. 66 at No. 7 Equipment Depot, Winnipeg, Manitoba.

Crown cost—\$98,475.45.

This property was advertised for sale and bids were received as follows:

Sterling Cloak Co., Ltd. ....	\$ 35,000 00
Federal Grain, Ltd. ....	81,000 00
Globelite Batteries, Ltd. ....	82,000 00

Valuations were made by independent appraisers as follows:

1. Land and buildings ....	\$ 45,000 00
2. Land and buildings ....	80,000 00

The property was sold to Federal Grain, Ltd. for \$82,000.00.

3. Aircraft Hydraulic Supplies, Ltd., 1370 Argyle Road, Windsor, Ont.

Crown cost—\$242,797.53.

The property was advertised for sale and bids were received as follows:

De Vilbiss Mfg. Co., Ltd. ....	\$ 95,000 00
Gelatin Products, Ltd. ....	105,000 00

Valuations were made by independent appraisers as follows:

1. Land and buildings ....	\$131,000 00
2. Land and buildings ....	135,000 00

Negotiations were entered into with both bidders and new offers were received as follows:

De Vilbiss Mfg. Co., Ltd. ....	\$110,000 00
Gelatin Products, Ltd. ....	125,500 00

The property was sold to Gelatin Products, Ltd. for \$125,500.00.

4. Building No. 2, MacDonald Bros. Aircraft, Ltd., St. James, Manitoba.

Crown cost—\$200,000.00.

The property was not advertised.

Valuations were made by independent appraisers as follows:

1. Land and buildings ....	\$ 50,000 00
2. Land and buildings ....	50,000 00

Messrs. Fairfield & Sons, Ltd. offered \$40,000.00 but after negotiations increased their bid to \$45,000.00 at which figure sale was made.



5. Machinery Services, Limited, Lafleur Avenue, Ville LaSalle, Que.  
Crown cost—\$232,465.78.

The property was not advertised.

A valuation was secured which estimated value of land and building at \$90,000.00.

Harold T. Quinlan offered \$40,000.00 for the property but eventually raised his bid to \$80,000.00.

Rutherford Enterprises, Ltd. offered \$50,000.00 for this property.

Sale was made to Quinlan for \$80,000.00.

6. Redfern Construction Co. Ltd., Shipbuilding Division, Saint John, N.B.

Crown cost—

Land .....	\$ 12,000 00
Buildings and alterations .....	127,095 43
Wharf and paving .....	75,980 00
Miscellaneous .....	15,824 60

\$231,100 03

The property was not advertised.

Valuations were secured from three independent appraisers and from a local civil engineer.

1. Land and buildings .....	25,000.00
2. Land and buildings .....	25,000.00
3. Land and buildings .....	25,000.00
4. Land and buildings by Engineer .....	35,000.00 to 40,000.00

Forest Industries, Ltd., offered \$15,000 for the property but after negotiations, raised their bid to \$22,500.00, at which price the sale was made.

7. York Arsenal, Old Weston Road, Toronto, Ont.

Crown cost—\$1,304,240.87.

The property was advertised for sale and the following bids were received:

Dominion Stores, Ltd. ....	475,000.00
Addison Industries, Ltd. ....	400,000.00
(later raised to \$475,000.00)	
Factory Properties, Ltd. ....	400,000.00
Canadian Pad & Paper Co. ....	275,000.00
J. E. Montgomery Equipment .....	176,000.00

Negotiations were entered into and a sale was made to Dominion Stores, Limited for \$600,000.00.

8. Ordnance Building—Otis Fenson Elevator Co., Ltd., Hamilton, Ontario.

Crown cost—\$2,026,039.64.

The property was advertised and one bid was received from Toronto Factory Properties, Limited for \$458,000.00. This bid was not considered.

Studebaker Corporation of Canada, Limited, later opened negotiations for this property and a sale was made at \$500,000.00.

9. Central Aircraft, Limited, London, Ontario.

Crown cost—\$1,594,408.96.

The property was advertised for sale and bids were received from:

Somerville, Limited .....	400,000.00
A. R. Kaufman .....	400,000.00
Aero Industries (Canada) .....	100,000.00

After negotiations with Somerville, Limited, a sale was made to that firm at \$450,000.00

10. Aero Timber products, Queen Charlotte Island, B.C.

Crown cost—\$1,192,843.10.

The property was advertised and bids were received as follows:

Powell River Co., Ltd. (for all assets) .....	950,000.00
Alaska Pine Co., Ltd. for Masset Inlet only .....	650,000.00

The property was sold to Powell River Co., Ltd., for \$950,000.00.

11. Amherst Airport, Double Hangar, Amherst, N.S.

Crown cost—\$176,052.30.

This property was valued by an independent appraisor at \$22,300.00.

A local real estate operator placed the value at \$25,300.00.

The property was sold to Elmac Co. for \$22,500.00.

The following were negotiated sales, without advertising and without having independent valuations. Sale prices were arrived at by application of War Assets Corporation selling formula applied to costs.

12. Buildings Nos. 20 and 27, John Inglis, Ltd., Toronto, Ontario.  
Crown cost—\$1,767,992.32.  
Sold to Addison Industries, Ltd. for \$510,000.00.
13. Aluminum Goods, Limited, Toronto, Ont.  
Crown cost—\$157,299.68.  
Sold to Canadian Triangle Wire and Cable Co., Toronto for \$80,000.00.
14. Canadian Propellers, Ltd., Montreal, Que.  
Crown cost—\$914,056.54.  
Sold to Steinberg's Groceries, Ltd. for \$500,000.00.
15. Building No. 14, Research Enterprises, Ltd., Leaside, Ont.  
Crown cost—\$522,000.00.  
Sold to Corning Glass for \$150,000.00.
16. Building No. 15, Research Enterprises, Ltd., Leaside, Ontario.  
Crown cost—\$267,700.29.  
Sold to Reo Motor Co. of Canada for \$130,740.00.
17. Building No. 16, Research Enterprises, Ltd., Leaside, Ontario.  
Crown cost—\$364,533.63.  
Sold to B. B. M. Holding Corporation for \$175,000.00.
18. Buildings, various sections comprising one block, Research Enterprises, Ltd., Leaside, Ontario.  
Crown cost—\$1,428,214.65.  
Sold to Rogers Majestic, Ltd., for \$628,214.55.
19. Building at Frost & Woods, Smith Falls, Ont.  
Crown cost—\$38,411.46.  
Sold to Corporation of Smiths Falls, Ont. for \$12,000.00.
20. St. Catherine Steel Products, Ltd., St. Catharines, Ontario.  
Crown cost—\$455,940.17.  
Sold to Canadian Comstock Co., Ltd., for \$110,000.00.
21. Dominion Magnesium, Haleys Corners, Ont.  
Crown cost—\$3,461,860.73.  
Sold to Dominion Magnesium, Ltd. for \$1,400,000.00.
22. DeHavilland Aircraft Bldg., 280 Lansdowne Ave., Toronto, Ont.  
Crown cost—\$76,080.00.  
Not advertised for bids, but two offers received.  
National Electric Manufacturing Co. .... 70,000.00  
Osezyn (Canada) Ltd. .... 75,000.00  
The sale was made to National Electric Manufacturing Co. at \$76,080.00.
23. Canadian Pacific Airlines—Overhaul & Repair Bldg., New Westminster, B.C.  
Crown cost—\$600,000.00.  
Not advertised for bids but two firm offers received.  
Geo. E. Murphy Associates ..... 125,000.00  
Henry Wiser ..... 80,000.00

In this case two independent valuations were made and the appraised value were \$135,000.00 and \$140,000.00. The sale was made at the average price of \$137,500.00 to Murphy Associates.

*By Mr. McGregor:*

Q. That was sold before you took over?—A. No, I have been in this thing right from the beginning.

Q. But you have not been there all the time, there was a period during which you were not available.—A. It has been my responsibility, which I accept.

*By Mr. Probe:*

Q. Do you mean that last statement literally? I think that is an important point, because you say if I remember the evidence that the minister or the department had the prerogative of over-riding your judgment on sales. If he did so, or advised you to do so, then apparently you would accept the responsibility. I think that is a very important point as to the division of responsibility as between yourself and the minister. You say that you accept the

responsibility. I do not think that is quite correct, that you can say that you accept responsibility for the sale where the minister has said, now here, Mr. Berry, this is the way the sale is going to be made. You are prepared to accept the responsibility even though the minister has advised you that it is in the best interest of Canada to sell it in a special way?—A. If the minister asks me to do a job, I have to do a job and I have to accept the responsibility for doing it.

Q. Then your views and those of the minister have always been in agreement?—A. I want to state here on the record that at no time have the minister and I been at variance in our views.

Q. You have changed your opinion?—A. No.

Q. You are just the hired man in this case, Mr. Berry?—A. The same thing applies to any big organization. I expect my own people to stand on their own feet. If they make a mistake without my knowing about that mistake it is still my responsibility. If my vice-president in charge of merchandising makes a mistake, that is still my responsibility.

Q. I can see where you would be responsible for your vice-president, but I cannot see where you must take responsibility for the minister of Reconstruction having agreed to making certain sales.—A. I presume if I make a mistake the minister will be responsible because I report to the minister, and if I make a mistake he is responsible.

Mr. PROBE: Of course, any mistake by a subordinate makes the senior responsible.

Mr. MCGREGOR: I do not see why Mr. Berry should take responsibility for a sale like that of the John Inglis plant. He was away sick at the time that deal went through and knew nothing about that sale. What I was trying to find out here is, you made the statement here the other day when I asked you who made the sale, I believe you said it was one of your staff.

The WITNESS: One of my staff made the sale, Mr. McGregor, and whether I am sick or not, as long as I am alive as president of the War Assets Corporation, I still accept full responsibility for any of the acts of my own people.

Mr. MCGREGOR: Is the man who made that sale still on your staff?

The WITNESS: No.

Mr. MCGREGOR: I just wanted to find that out.

The WITNESS: In fairness to the gentleman concerned, he found himself a better job. There was no question of our being dissatisfied with his services.

The CHAIRMAN: Will you proceed, please?

The WITNESS:

*Question asked by Mr. McGregor on June 4*

Q. With reference to the list of tractors sold by Construction Equipment Section, dated April 10, 1946.

- (a) What was original cost of each tractor on list?
- (b) What equipment, such as angledozer, bulldozer, etc. (in detail) was sold by the corporation with each tractor?
- (c) Was the equipment as in (b) included in the sales price shown on list?
- (d) What tractors are in the hands of the sales section unsold as of midnight June 5, 1946?

A.

- (a) As per appended list.
- (b) As per appended list.
- (c) As shown on appended list.
- (d) None.



June 14, 1946

## LIST OF TRACTORS SOLD BY CONSTRUCTION EQUIPMENT SECTION

Date of Sales Directive	Declaration File Number	Equipment	Equipment Additional	Purchase Price \$ cts.	Sales Price \$ cts.	Sale Procedure	To Whom Sold
Nov. 28, 1944	4-2-82	Caterpillar Diesel Tractor.....	.....	No data available	3,728 58	Priority.....	C.N.R. Mtl.
Aug. 30, 1944	4-2-292	RD-4 Caterpillar Tractor.....	.....	No data available	5,000 00	Priority.....	Dept. Pub Wks., Victoria, B.C.
Nov. 23, 1944	4-2-66	R-4 Caterpillar Tractor, Ser. No. 436625.	.....	No data available	2,000 00	Direct sale.	Just. Equip. & Supply, Mtl.
Aug. 14, 1945	4-2-8153	T-40 International Tractor.....	.....	\$ 2,590 14	1,711 46	Priority.....	Nat. Research, Montreal.
Sept. 7, 1945	4-2-5780	DDH Clctrac Tractor, engine only.	.....	2,800 00	1,000 00	Priority.....	Indian Res. Sch., Kamloops, B.C.
Sept. 28, 1945	4-2-10343	RD-7 Caterpillar Tractor, Ser. No. 9C3042.	.....	3,990 00	3,000 00	Priority.....	Dept. Transport Ship to WPG. Air- port, WPG.
Sept. 28, 1945	4-2-10343	RD-7 Caterpillar Tractor, Ser. No. 9C1445.	.....	3,990 00	3,000 00	Priority.....	Dept. Transport Ottawa, Ship to Intermediate Airborne, Kenora, Ont.
Sept. 28, 1945	4-2-10343	D-4 Caterpillar Tractor, Ser. No. TJ8605.	C/w angledozer	3,917 19	3,130 00	Priority.....	Dept. Pub. Wks. Montreal, Ottawa, Ship to Dept. Pub. Wks. Charlotte- town, P.E.I.
Oct. 2, 1945	4-2-10343	D-4 Caterpillar Tractor, Serial No. 7J8603.	.....	3,917 19	3,130 00	Priority.....	Dept. Pub. Works, Clowedale, B.C.
Oct. 5, 1945	4-2-10343	D-4 Caterpillar Tractor, Serial No. 7J8605.	C/w winch.....	5,443 88	2,900 00	Priority.....	Institute Technology Victoria Beach, Calgary, Alta.
Oct. 16, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5828SP.	.....	2,963 81	1,800 00	Priority.....	City of Kingston, Kingston, Ont.
Oct. 18, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5839SP.	C/w winch.....	3,033 44	1,200 00	Priority.....	Franciscan Fathers, Montreal.
Nov. 26, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J842SP.	.....	3,657 56	2,170 00	Priority.....	Dept. Agricul., Experimental Fa., Ottawa, Ont.
Oct. 11, 1945	4-2-10343	D-2 Caterpillar Tractor Serial No. 5J4520.	.....	3,365 00	2,750 00	Public Tender.....	Power Equip. Co., Port Arthur, Ont.
Oct. 11, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5072.	C/w winch.....	4,142 00	2,750 00	Public Tender.....	Power Equip. Co., Port Arthur, Ont.
.....	.....	D-2 Caterpillar Tractor Serial No. 5J5072.	.....	.....	2,750 00	.....	Power Equip. Co., Port Arthur, Ont.
Oct. 11, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5024SP.	.....	4,142 00	2,750 00	Public Tender.....	Power Equip C., Port Arthur, Ont.
Oct. 11, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5836SP.	.....	2,113 44	2,250 00	Public Tender.....	Power Equip. Co., Port Arthur, Ont.
Oct. 11, 1945	4-2-10343	D-2 Caterpillar Tractor, Serial No. 5J5826SP.	.....	2,113 44	2,250 00	Public Tender.....	Power Equip. Co., Port Arthur, Ont.

Nov. 2, 1945	4-2-10343	ID2 Caterpillar Tractor, Serial No. 5J042ISP.	2,112.44	2,000.00	Public Tender.....	Geo. W. Crothers, Leaside, Ont.
Nov. 2, 1945	4-2-10343	D2 Caterpillar Tractor, Serial No. 5J0409SP.	2,113.44	2,000.00	Public Tender.....	Geo. W. Crothers, Leaside, Ont.
Nov. 2, 1945	4-2-10343	D2 Caterpillar Tractor, Serial No. 5J5837SP.	2,963.81	2,000.00	Public Tender.....	Geo. W. Crothers, Leaside, Ont.
Nov. 2, 1945	4-2-10343	D2 Caterpillar Tractor, Serial No. 5J0423.	2,113.44	2,000.00	Public Tender.....	Geo. W. Crothers, Leaside, Ont.
Nov. 5, 1945	4-2-10343	D8 Caterpillar Tractor, Serial No. 1H3172.	5,645.00	7,900.00	Public Tender.....	A. J. Perron & Son, Kirkland Lake, Ont.
Nov. 5, 1945	4-2-10343	D8 Caterpillar Tractor, Serial No. B3500K8A.	10,950.00	7,600.00	Public Tender.....	Caswell Const. Co., Kirkland Lake, Ont.
Nov. 5, 1945	4-2-10343	T D6 International Tractor, Serial No. TDRE 5491T7CF.	4,738.71	1,510.00	Public Tender.....	Alphonse Bellavance, Rimouski, Que.
Nov. 20, 1945	11654	T40 International Tractor, Serial No. 6112.	2,280.64	3,600.00	Priority.....	Mun. St. Honore de Shenely, Co. Beauce, Que.
Nov. 20, 1945	11654	CG 48/55 H.P. Cletrac Tractor, Serial No. 5M538.	2,904.25	1,742.55	Priority.....	McGill Univ., Montreal, Que.
Nov. 20, 1945	11654	CG 48/55 H.P. Cletrac Tractor, Serial No. 5M540.	2,904.25	1,742.55	Priority.....	McGill Univ., Montreal, Que.
Dec. 4, 1945	4-2-10343	D-4 Caterpillar Tractor, Serial No. 5689.	5,331.55	3,700.00	Direct negotiated sale.....	Provincial Paper Co., Port Arthur, Ont.
Apr. 3, 1945	4-2-10343	D-7 Caterpillar Tractor, Serial No. 7N926SP.	10,460.00	6,200.00	Priority.....	City Port Arthur, Port Arthur, Ont.
Jan. 3, 1946	MS-70	TD14 International Tractor, Serial No. TDF1837.	3,197.89	3,197.89	Trans. to WAC Warehouse.....	Whse. No. 1 Lakeburn, N.B.
Jan. 16, 1946	MS-313	KD Allis-Chalmers Tractor, Serial No. KD-6987.	2,214.92	2,400.00	Trans. to WAC Warehouse.....	Whse. No. 15 Goderich, Ont.
Jan. 3, 1946	11629	4 RS Case Tractor Serial No. 4608053D1.	2,280.64	2,160.00	Priority.....	Whse. No. 22, Montl. Locomotive, Montreal, Que.
Jan. 3, 1946	11653	T40 International Tractor, Serial No. 6123.	2,612.98	2,160.00	Priority.....	Ecole d'Arts et Metiers, Rimouski, Que.
Jan. 3, 1946	11653	T40 International Tractor, Serial No. TKC9571.	2,612.98	2,160.00	Priority.....	C.V.T. Tech. School, Three Rivers, Que.
Jan. 3, 1946	11653	T40 International Tractor, Serial No. TKC9575.	2,612.98	2,160.00	Priority.....	C.V.T. Ecole d'Arts et Metiers, Sherbrooke, Que.
Dec. 18, 1945	11656	T40 International Tractor, Serial No. TKC9577.	13,500.00	8,100.00	Priority.....	C.V.T. Macdonald Coll., Ste. Anne de Bellevue, Que.
Dec. 18, 1945	11656	HD14 Allis-Chalmers, Serial No. 14-211.	13,500.00	8,100.00	Priority.....	Sask. Reconstruction, Regina, Sask.
Dec. 18, 1945	11656	HD14 Allis-Chalmers Tractor, Serial No. 14-212.	14,000.00	8,100.00	Priority.....	Sask. Reconstruction, Regina, Sask.
Dec. 28, 1945	11657	HD14 Allis-Chalmers Tractor, Ser. No. 14-214.	2,280.64	2,160.00	Priority.....	Sask. Reconstruction, Regina, Sask.
Dec. 1, 1945	11742	T40 International Tractor, Ser. No. 6122.	3,344.34	1,500.00	Direct Negotiated Sale.....	Corp. Winslow South, Que.
Dec. 17, 1945	11758	CG40 50 H.P. Cletrac Tractor, Ser. 5M500.	7,450.00	3,300.00	Priority.....	Prov. Paper Co. Port Arthur, Ont.
		TD18 I.H.C. Tractor, Ser. No. 5520				Dept of Industry, Halifax, N.S.

## LIST OF TRACTORS SOLD BY CONSTRUCTION EQUIPMENT SECTION—Continued

Date of Sales Directive	Declaration File Number	Equipment	Equipment Additional	Purchase Price		Sales Price		Sale Procedure	To Whom Sold
				\$	cts.	\$	cts.		
Jan. 5, 1946	11871	D8 Caterpillar Tractor Ser. No. T27		Not shown		4,683.00		Priority	C.V.T. Ecole d'Arts, Rimouski, Que.
Feb. 20, 1946	11871	D8 Caterpillar Tractor, Ser. No. T24		Not shown		6,530.00		Priority	C.V.T. Rehabilitation Centre, Moncton, N.B.
Nov. 28, 1945	11913	T40 Crawler Tractor, Ser. No. 6114		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Nov. 28, 1945	11913	CG Cletrac Tractor, Ser. No. 5M450		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Nov. 28, 1945	11914	CG Cletrac Tractor, Ser. No. 5M452	C/w Angledozer	2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Nov. 28, 1945	11914	CG Cletrac Tractor, Ser. No. 5M494	C/w Angledozer	1,605.00		963.00		Priority	Sask. Reconstruction, Regina, Sask.
Nov. 28, 1945	11914	CG Cletrac Tractor, Ser. No. 5M456		1,605.00		963.00		Priority	Sask. Reconstruction, Regina, Sask.
Feb. 18, 1946	11915	CG Cletrac Tractor, Ser. No. 2C745		2,905.00		1,743.00		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M502		3,190.00		900.00		Public Tender	J. H. Gardison, Garden Hill, Ont.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M498		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M428		2,905.25		1,742.55		Priority	C.V.T. Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M428		2,904.25		1,742.55		Priority	C.V.T. Moose Jaw, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M526		2,280.64		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M438		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M508		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M504		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M482		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M440		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 27, 1945	11917	CG Cletrac Tractor, Ser. No. 5M432		2,904.25		1,742.55		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M534		2,904.25		2,150.00		Priority	Sask. Reconstruction, Regina, Sask.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M524		2,904.25		2,150.00		Public Tender	Irving Mach. Ltd., Calgary, Alta.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M444		2,904.25		2,150.00		Public Tender	Irving Mach. Ltd., Calgary, Alta.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M434		2,904.25		2,150.00		Public Tender	Irving Mach. Ltd., Calgary, Alta.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M488		2,904.25		2,150.00		Public Tender	Irving Mach. Ltd., Calgary, Alta.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. 5M510		2,904.25		2,150.00		Public Tender	Irving Mach. Ltd., Calgary, Alta.



Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. 5M-486...	.....	2,904.25	1,742.55	Priority.....	C.V.T., Calgary, Alta.
Dec. 21, 1945	11918	CG Cletrac Tractor, Ser. No. TDF3909T13F.	.....	1,600.25	1,742.55	Priority.....	C.V.T., Calgary, Alta.
Feb. 7, 1946	12359	International Tractor, Ser. FTM-1191 C/w Dozer.....	.....	2,280.64	1,980.00	Priority.....	C.V.T., Kitchener, Ont.
Jan. 18, 1946	12360	CG Cletrac Tractor, Ser. 21-542.....	.....	1,526.18	1,800.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 18, 1946	12360	CG Cletrac Tractor, Ser. 21-543.....	.....	2,904.25	1,800.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 18, 1946	12360	CG Cletrac Tractor, 21-678.....	.....	2,904.25	1,800.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 18, 1946	12360	CG Cletrac Tractor, Ser. 21-679.....	.....	2,904.25	1,800.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 18, 1946	12360	CG Cletrac Tractor, Ser. 21-529.....	.....	2,905.24	1,800.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Sept. 20, 1945	4-2-11027	D4 Caterpillar Tractor, Ser. 7J3378W.	C/w Angledozer & winch.	(Sold 15,610.00 with Misc. equip.)	6,588.00	Public Tender.....	Western Construction Co., Edmonton, Alta.
Sept. 20, 1945	4-2-11027	D7 Caterpillar Ser. 7M18283P.....	C/w winch, ripper teeth and canopy top.	.....	8,340.00	Public Tender.....	Western Construction Co., Edmonton, Alta.
Sept. 20, 1945	4-2-11027	WDK6 Industrial Traction Ser. 1234.....	.....	.....	1,948.25	Public Tender.....	Western Construction Co., Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-476.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-472.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-462.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-488.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & McClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-458.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & MacClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-436.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & MacClean, Edmonton, Alta.
Jan. 24, 1946	12361	CG Cletrac Tractor, Ser. 5M-496.....	C/w Angledozer	4,418.30	2,900.00	Public Tender.....	Wilkinson & MacClean, Edmonton, Alta.
Jan. 3, 1946	12560	International Tractor, Ser. TKC9378.....	.....	2,904.25	2,450.00	Public Tender.....	Mount Victoria, Hudson Heights, Que.
Dec. 19, 1945	12561	D6 Caterpillar Tractor, Ser. 7M1343.....	.....	12,978.75	2,160.00	Priority.....	C. V. T. Macdonald College, Ste. Anne de Bellevue, P.Q.
Jan. 19, 1946	12563	1940 Crawler Tractor, Ser. 6113.....	Ripper teeth, winch and dozer.	2,280.64	2,160.00	Priority.....	Western Const. & Lumber, Edmonton, Alta.
Jan. 19, 1946	12563	CG Cletrac Tractor, Ser. 5M-470.....	C/w Angledozer	2,904.61	1,742.00	Priority.....	Sask. Reconst., Regina, Sask.
Feb. 22, 1946	12564	Cletrac Tractor Ser. 5M-446.....	.....	1,605.00	1,963.00	Public Tender.....	Sask. Reconst., Regina, Sask.
Nov. 26, 1945	12845	Tracked Tractor Ser. 3G1271.....	.....	2,904.61	1,800.00	Public Tender.....	John Davies, Winnipeg, Man.
				6,000.00	2,500.00	Public Tender.....	Hector Cloutier, Petawawa, Ont.

## LIST OF TRACTORS SOLD BY CONSTRUCTION EQUIPMENT SECTION—Concluded

Date of Sales Directive	Declaration File Number	Equipment	Equipment Additional	Purchase Price \$ cts.	Sales Price \$ cts.	Sale Procedure	To Whom Sold
Jan. 19, 1946	12942	Cletrac Tractor, Ser. 5M-454	C/w Angledozer	2,904.25	1,742.00	Priority	Sask. Reconst., Regina, Sask.
Jan. 19, 1946	12942	Cletrac Tractor, Ser. 5M-492	C/w Angledozer	1,674.00	963.00	Priority	Sask. Reconst., Regina, Sask.
Feb. 7, 1946	13207	International Tractor Ser. TKC-9570	C/w Angledozer	2,904.25	1,742.00	Priority	C.V.T. Nova Scotia Tech. College, Halifax, N.S.
Jan. 5, 1946	13222	International Tractor, Ser. TDCB-2201	C/w Angledozer	2,880.64	1,620.00	Priority	C.V.T. Rehabilitation Centre, Moncton, N.B.
Jan. 5, 1946	13223	Cletrac Tractor, Ser. 5M-520	International Harvester Tractor, Eng. C9101	1,526.18	722.00	Priority	C.V.T. North Sydney, N.S.
Jan. 5, 1946	13225	International Harvester Tractor, Ser. 19234	International Tractor Ser. TCB3052	2,280.65	1,742.50	Priority	C.V.T. Technical College, Halifax, N.S.
Mar. 2, 1946	13808	Cletrac Tractor, Ser. 11-3698	C/w Angledozer	2,280.65	1,620.00	Priority	C.V.T., Moncton, N.B.
Feb. 7, 1946	13809	International Tractor, Ser. TKC9576	C/w Angledozer	1,526.18	963.00	Priority	National Harbour, Ottawa, Ont.
Feb. 7, 1946	13809	International Tractor, Ser. TKC9576	C/w Angledozer	2,905.00	1,452.00	Priority	C.V.T., Rimouski, Que.
Mar. 2, 1946	13890	TD18 International Tractor		2,280.64	2,160.00	Priority	C.V.T., Rimouski, Que.
Mar. 2, 1946	13890	TD18 International Tractor		4,564.56	3,681.00	Priority	C.V.T., Red Deer, Alta.
Feb. 11, 1946	14371	TD18 Crawler Tractor		5,500.00	4,830.00	Trans. to No. 28 WAC Whse.	Whse. No. 28, Bowden, Alta.
Mar. 6, 1946	14480	TD14 Tractor, Serial No. TDFM-2999		5,500.00	4,265.00	Direct negotiated sale.	Dutton Bros. & Company.
Mar. 2, 1946	14789	TD40 Tractor, Serial No. 6118		4,564.56	3,681.00	Priority	Dept. of Education, Fredericton, N.B.
Feb. 20, 1946	14792	TD14 Tractor, Serial No. 3085-T13F		2,280.64	1,980.00	Priority	C.V.T., Sydney, N.S.
Feb. 20, 1946	14972	TD40 Tractor, Ser. 10120	C/w Angledozer	2,280.64	3,681.00	Priority	C.V.T., Rimouski, Que.
Feb. 20, 1946	14974	D8 Tractor, Serial No. 1H-7273		2,280.64	2,970.00	Priority	Can. Voc. Training, Hamilton, Ontario.
Nov. 3, 1946	11916	International Tractor, Serial No. TCK 6120		Not shown.	810.00	Priority	C.V.T. Edmundston, N.B.
Jan. 16, 1946	11615	CG Tractor Serial No. 5M-474		2,280.64	7,836.00	Priority	Can. Arsenal Ltd., Toronto.
Feb. 19, 1946	12358	T9 International Tractor Serial No. TCB2076		4,509.25	2,010.00	Public Tender	Henry H. Goertzen, Abbotsford, B.C.
Nov. 13, 1945	12358	T4D International Tractor, Serial No. 6012		2,280.64	1,025.64	Public Tender	Chas. F. Scott, Mount Elgin, Ont.
Nov. 29, 1945	11515	CG Tractor, Serial No. 2C-780		2,905.00	2,160.64	Priority	C.V.T., Fort William, Ont.
Nov. 13, 1945	12358	CG Tractor, Serial No. 5M-517		2,904.24	1,742.55	Priority	City of Timmins, Ont.

Jan. 2, 1943	MS-644	D4 Caterpillar, Serial No. W4-340		6,421.00	3,852.00	Priority	Dept. Transport, Ship to: Welland Canal Stores, Port Arthur.
Mar. 27, 1946	15436	International Tractor		4,564.56	3,681.00	Priority	City of Timmins, Timmins, Ont.
Jan. 21, 1946	11655	T40 International Tractor, Serial No. 6116		2,280.64	500.00	Public Tender	G.V. Hotel, Timmins, Ont.
Oct. 31, 1945	11655	CG Tractor, Serial No. 5M-536		2,904.25	1,742.55	Priority	Collins Bay Pen., Ottawa, Ont.
Feb. 12, 1946	11654	T40 International Tractor, Serial No. 6112		2,280.64	2,059.00	Priority	Mun. St. Honore de Shenley, Que.
Nov. 26, 1945	11654	Cletrac Tractor, Serial No. 5M-538		2,904.25	1,742.55	Priority	McGill University, Montreal, Que.
Nov. 26, 1945	11654	Cletrac Tractor, Serial No. 5M-540		2,904.25	1,742.55	Priority	McGill University, Montreal, Que.
Jan. 3, 1946	12694	Cletrac Tractor Serial No. 5M-532	C/w Angledozer	2,905.25	2,705.00	Priority	Town Reymond, Alta.
Jan. 3, 1946	12694	Tractor Serial 5M-484	C/w Angledozer	1,605.00	963.00	Priority	Town High River, Alta.
Jan. 5, 1946	12694	Crawler Tractor, Serial No. 5M-530	C/w Angledozer	2,904.25	2,705.00	Priority	Town Sudbury, Ont.
Feb. 18, 1946	12694	Crawler Tractor, Serial No. 5M-490	C/w Angledozer	1,605.00	963.00	Public Tender	Irving Mach. Ltd., Calgary, Alta.
Feb. 18, 1946	12694	Crawler Tractor, Ser. 5M-466	C/w Angledozer	4,509.25	3,500.00	Public Tender	Irving Mach. Ltd., Calgary, Alta.
Jan. 5, 1946	12562	International Harvester Tractor, Ser. 811	C/w Angledozer	4,509.25	3,500.00	Priority	C.V.T., Brockville, Ont.
Jan. 11, 1946	14568	D6 Caterpillar Tractor Ser. 5R28SP	C/w Angledozer	2,280.64	2,160.00	Direct negotiated sale	David G. Thomas, Whitehorse, Y.T.
Mar. 14, 1946	DVL-1116-SEO	BD Tractor		8,056.86	3,230.00	Priority	C.V.T.
Feb. 16, 1946	15487	Model BD Cletrac Tractor Ser. 6D470		4,091.00	2,370.00	Being processed	
Feb. 5, 1946	11630	CG Tractor 25/77 H.P.		1,680.47	800.00	Priority	City St. Hubert.
Dec. 20, 1945	13891	TD14 International Tractor Ser. T4576T13F		4,564.56	3,681.00	Priority	Town of Dauphin, Man.
Mar. 4, 1946	12646	R4 Caterpillar Tractor Ser. 6G-1204		2,350.00	2,300.00	Public Tender	Loder's Line, Calgary, Alta.
Mar. 4, 1946	16246	R4 Caterpillar Tractor Ser. 6G-1208		1,860.00	2,300.00	Priority	Dept. M & S.
Jan. 2, 1946	13811	T35 International Tractor Ser. 6126		2,280.64	1,512.00	Priority	C.V.T.
Mar. 8, 1946	16130	R4 Caterpillar Tractor Ser. No. 6D-1209		1,860.00	2,300.00	Priority	Admin. of N.W.T., Ottawa.



## Question asked by Mr. Murphy on June 4

Q. May I have a statement of all purchases made by the Saskatchewan Reconstruction Corporation from War Assets Corporation?—A. In reply to Mr. Murphy's question attached is a statement showing the sales made to the Saskatchewan Reconstruction Corporation from July 12, 1944, to May 31, 1946.

## WAR ASSETS CORPORATION

## SALES TO SASKATCHEWAN RECONSTRUCTION CORPORATION

JULY 12, 1944 TO MAY 31, 1946

Date	Description	Sales Price
July 18, 1945.....	R.C.A.F. No. 33—798, 33—801, 33—799, Ford Crash Trucks 1942 3—tons (3)	15,850.02
Aug. 9, 1945.....	Kitchen Chairs (52).....	38.15
Aug. 15, 1945.....	Rear Axle Assy (1).....	50.00
Aug. 22, 1945.....	Buildings No. 12 V.T.S.....	32,500.00
Aug. 23, 1945.....	150 K V A Transformers (3).....	1,125.00
Aug. 23, 1945.....	Power Line and Equipment (1).....	495.30
Aug. 23, 1945.....	Power Line and Equipment (1).....	1,870.40
Aug. 23, 1945.....	Power Line and Equipment (1).....	971.80
Aug. 23, 1945.....	Power Line and Equipment (1).....	1,945.05
Aug. 23, 1945.....	Power Line and Equipment (1).....	2,245.00
Aug. 23, 1945.....	Power Line and Equipment (1).....	1,130.70
Aug. 23, 1945.....	Power Line and Equipment (1).....	447.20
Aug. 23, 1945.....	Power Line and Equipment (1).....	2,400.00
Aug. 23, 1945.....	Paint Khaki Green (1,930 gal.).....	2,258.10
Sept. 7, 1945.....	Buildings (32).....	1,497.95
Sept. 7, 1945.....	1942 Ford $\frac{1}{2}$ ton Pickup Truck (1).....	1,630.77
	1942 Fargo 1 ton Pickup Truck (1).....	
	1942 Ford Car Sedan (2).....	
	1941 Ford Car Sedan de Luxe (1).....	
Sept. 10, 1945.....	1940 Ford T.S.C.—1 ton (3).....	1,017.03
Sept. 11, 1945.....	1940 Ford T 15 cwt. (8).....	
	1940 GMC T 15 cwt. (4).....	4,500.84
	1940 GMC Tractor Sers. 0844003497—0844003398 (3)—105824F.....	
Sept. 11, 1945.....	Time Clock (1).....	75.00
Sept. 11, 1945.....	1942 Chevrolet—1 ton Ambulance (Panel) (1).....	355.71
Sept. 12, 1945.....	Fire Extinguishers "Insurance" $2\frac{1}{2}$ gal. (8).....	
	Fire Extinguishers "Underwriters" $2\frac{1}{2}$ gal. (1).....	
	Fire Extinguishers "Fairmorse" $2\frac{1}{2}$ gal. (6).....	93.60
	Fire Extinguishers "Guardene" $2\frac{1}{2}$ gal. (2).....	
	Fire Extinguishers "Alert" $2\frac{1}{2}$ gal. (2).....	
Sept. 12, 1945.....	Fire Extinguishers 2 qt. (30).....	241.58
Sept. 12, 1945.....	Fire Extinguishers "Thermene" $2\frac{1}{2}$ gal. (1).....	4.90
	Fire Extinguishers "Oneida" $2\frac{1}{2}$ gal. (1).....	
Sept. 12, 1945.....	Fire Extinguishers, Pistol Grip, 1 qt. (4).....	20.42
Sept. 12, 1945.....	Mattresses (100).....	3.79
Sept. 12, 1945.....	Fire Extinguishers Pyrene, 1 qt. (17).....	
	Fire Extinguishers Foam, $2\frac{1}{2}$ gal. (1).....	79.46
	Fire Extinguishers Anti Freezing $2\frac{1}{2}$ gal. (4).....	
Sept. 12, 1945.....	Fire Extinguishers, 2 qt. (20).....	230.08
Sept. 13, 1945.....	Pastry Boards (22 $\frac{1}{2}$ doz.).....	148.41
Sept. 19, 1945.....	Ford 1940 Trucks 15 cwt. (7).....	2,590.49
	Field Artillery Tractor Ser. No. 1G-5740F (1).....	
Sept. 19, 1945.....	Barrack and Kitchen Equipment.....	276.25
Sept. 19, 1945.....	1941 Ford Ambulance—2 cot (1).....	1,114.27
	1940 Ford Ambulance—2 cot (1).....	
Sept. 21, 1945.....	1940 Ford Truck (7) 1940 GMC Truck (2).....	2,790.63
Sept. 22, 1945.....	Chrysler 1941 2-ton Lorries (3).....	1,697.10
Sept. 24, 1945.....	1941 Dodge $\frac{1}{2}$ ton Ambulance R.C.A.F. Panel (1).....	321.99
Sept. 24, 1945.....	Nuts, Square hot galvanized $\frac{5}{8}$ " bolt (2,306).....	17.33
Sept. 25, 1945.....	Buildings and Services constituting St. Aldwyn Airport.....	10,000.00
Sept. 27, 1945.....	1941 Chrysler Lorries—2 ton (6).....	4,814.10
	1941 Ford Lorries (3).....	
Sept. 29, 1945.....	Glycol and Drums (146 gal.).....	79.00
Oct. 2, 1945.....	Fire Extinguishers, outdoor type (12).....	1,328.80
Oct. 2, 1945.....	Flame proof gauntlets (75 prs.) Nozzles, hose (27) Play pipes (10) Play pipes, syphoning (5).....	1,647.96
Oct. 2, 1945.....	Fire Extinguishers, tetrachloride type (200).....	265.24
Oct. 3, 1945.....	Extinguishers—fire, water portable (87).....	235.20
Oct. 5, 1945.....	Fire Extinguishers (87).....	1,504.09
Oct. 6, 1945.....	Fire Extinguishers, vap. liquid hand type (15).....	54.40

Date	Description	Sales Price
Oct. 12, 1945	Ford Crash Trucks 1942—3 ton (3)	15,017.60
Oct. 12, 1945	Fire Extinguishers, vap. liquid hand type (50)	555.96
Oct. 24, 1945	Building (hutmet) two story quadrant	364.00
Oct. 24, 1945	Building No. 5 Non-Com. Officers Mess.	1,736.00
Oct. 24, 1945	Accommodation Building	1,400.00
Oct. 25, 1945	Steel Tubing (75 tons)	33.00
Oct. 25, 1945	Building No. 35-O.R. Qrs.-S-5G.-14(2) No. 45-O.R. Qrs.-3-30-14	5,664.00
Nov. 1, 1945	Fleece lined aviation Gloves (36 pairs)	162.00
Nov. 1, 1945	Grinders, Drilling Machines, Boring Mills, etc.	14,660.10
Nov. 1, 1945	Pathfinder Snowmobile (1)	200.00
Nov. 1, 1945	Ford Truck	3,600.00
Nov. 2, 1945	Kingham Semi Trailer (4)	
Nov. 2, 1945	Tables (58) Chairs, No. 85 Bestwood and Kitchen (476)	976.52
Nov. 2, 1945	1941 Ford 3 ton Dump Truck (1)	1,900.00
Nov. 6, 1945	Kingham 4-wheel Trailer (1)	
Nov. 6, 1945	Ram type Van Norman Milling Machine (1)	3,481.28
Nov. 7, 1945	Grinders (9) Drill Press (1) Shaper (1) Engine Lathe (1)	6,240.60
Nov. 7, 1945	Arc-Welder Lincoln (1)	383.00
Nov. 19, 1945	Harley-Davidson Motorcycles Model 45 (6)	1,050.00
Nov. 21, 1945	Lincoln Arc Welder 200 Amp FE1014 (1)	197.76
Nov. 26, 1945	Radial Drill Hammond type C (1)	626.98
Dec. 1, 1945	1941 Omnibus, International 18 Passenger (1)	1,000.00
Dec. 1, 1945	1927 Omnibus, Mack 30 Passengers (1)	300.00
Dec. 1, 1945	Omnibus International 23 Passenger (1)	400.00
Dec. 3, 1945	Atlas lather V54 with Accessories (1)	73.00
Dec. 4, 1945	Blankets, All Wool, White Navy Issue (1300)	6,500.00
Dec. 7, 1945	Bedsteads, Double-tier, complete (70)	420.00
Dec. 7, 1945	Suites:Flame-Proof Jackets and Trousers (9) only	827.01
Dec. 11, 1945	615 only Fire Extinguishers (615)	2,757.22
Dec. 11, 1945	Fire Extinguishers (739)	2,780.91
Dec. 11, 1945	1940 Ford, Shake Truck (1)	309.92
Dec. 12, 1945	Tiger Moth Aircraft, R.C.A.F. No. 1189 (1)	1,000.00
Dec. 12, 1945	Tiger Moth Aircraft R.C.A.F. No. 3877 (1)	
Dec. 14, 1945	Fire Extinguishers (755)	2,313.60
Dec. 17, 1945	Norseman Aircraft (R.C.A.F. No. 2462 (1))	30,000.00
Dec. 17, 1945	Norseman Aircraft (R.C.A.F. No. 679 (1))	
Dec. 17, 1945	Gypsy Major Engines (new) No. 89084/13021 (1)	
Dec. 17, 1945	Gypsy Major Engines (new) No. 89127/13020 (1)	800.00
Dec. 17, 1945	c/w Aero Engine cases (2)	
Dec. 18, 1945	Fire Pump, (2), Firemen's Web Belt (10)	333.12
Dec. 18, 1945	Stirrup Pumps (2)	
Dec. 27, 1945	Hose, 1½" single jacketed in 50' lengths (200)	55.00
Jan. 3, 1946	Hex. C. R. Steel, Round H. R. Steel H. R. Steel Plates	451.82
Jan. 7, 1946	Trailer Full low bed 16-ton (1)	1,000.00
Jan. 7, 1946	Scraper, "Le Tourneau" cable operated (1)	3,500.00
Jan. 7, 1946	Tractor, Crawler Ser 5M450 (1)	1,742.55
Jan. 10, 1946	Ford Trucks 1940 (7)	2,430.49
Jan. 14, 1946	Chain Block 2-ton Cap. (1) Vises 5" (24) Vises 4½" (6)	251.52
Jan. 14, 1946	Coal 362 tons	271.50
Jan. 14, 1946	Building known as No. 1 Hdqrs. and G.I.S. (1)	4,100.00
Jan. 14, 1946	Building known as No. 9 Hospital at Davidson Aerodrome (1)	
Jan. 16, 1946	Ski Equipment for Tiger Moth Aircraft Main Skies (4)	60.00
Jan. 16, 1946	Oleo Leg. Stbd. (1)	10.00
Jan. 16, 1946	Oleo Leg. Port (1)	10.00
Jan. 16, 1946	Crusher Plant, Complete (1)	4,500.00
Jan. 16, 1946	Ford 3-ton dump truck (1)	500.00
Jan. 17, 1946	Cessna Crane Aircraft R.C.A.F. (1)	2,000.00
Jan. 17, 1946	Ford 3-ton dump trucks (6)	2,772.46
Jan. 17, 1946	Ford Stake Body Truck (1)	
Jan. 17, 1946	Harvard II Aircraft R.C.A.F. (1)	2,000.00
Jan. 18, 1946	Blankets, G.S. 4 lb. (550)	1,760.00
Jan. 18, 1946	Carrell Letourneau (3)	6,600.00
Jan. 25, 1946	Chevrolet Staff Car 1940 (1)	378.74
Jan. 25, 1946	Generating Sets (1)	200.00
Jan. 25, 1946	Generating Sets (1)	200.00
Feb. 5, 1946	Misc. Hardware	39.68
Feb. 7, 1946	1940 2-ton Stake Truck Chevrolet R.C.A.F. No. 32307 (1)	423.41
Feb. 7, 1946	1940 Stake Truck Chevrolet R.C.A.F. No. 32-303 (1)	926.76
Feb. 7, 1946	1940 Stake Truck Ford R.C.A.F. No. 32-245 (1)	
Feb. 7, 1946	1940 Chev. Staff car, 5 passenger R.C.A.F. No. 30-63 (1)	379.54
Feb. 7, 1946	1940 Ford Ambulance R.C.A.F. No. 30-410 (1)	478.24
Feb. 8, 1946	Henry & Reed Vises Permanent and Replaceable Jaws (10)	63.82
Feb. 9, 1946	Amplifier (1)	150.00
Feb. 9, 1946	Tail Ski for Tiger Moth Aircraft (1)	10.00
Feb. 12, 1946	Electric Meat Slicer, Cleavers, Boning Knives, Etc., Etc.	272.09
Feb. 14, 1946	Miscellaneous Equipment—Tire Recapping	500.00

Date	Description	Sales Price
Feb. 16, 1946.....	641-5 only Acres of Land.....	14,340.00
Feb. 18, 1946.....	323½ doz. Cotton Drawers.....	7,374.91
	482½ doz. Cotton Shirts.....	
Feb. 18, 1946.....	Tractor Allis-Chalmers (3) Serial Nos. 14-211, 14-212, 14-214.....	24,600.00
Feb. 18, 1946.....	Louis Allis Generator (1).....	3,150.00
Mar. 2, 1946.....	Shoes, Canvas (153 pairs).....	99.45
Mar. 2, 1946.....	Thor Air Grinders (4) Tailstock Turrets (2).....	
	Style C Arbor (4) Style B Arbor (1).....	
	51M Arbor No. 1 (1) 52M Arbor No. 2 (7).....	594.21
	Weldon Tool Holder (4).....	
	No. 32 and L Flynn Boring Head (1).....	
	Angles Plates (2).....	
	Machine Vice (1).....	
	Weldon Adoptor (1).....	
Mar. 5, 1946.....	Tractor, Crawler Ser. 5M482 (1).....	1,742.55
Mar. 5, 1946.....	Tractor, Crawler Ser. 6114 (1).....	1,742.55
Mar. 9, 1946.....	1" H.R. Alloy Steel (5,880 lbs.).....	205.80
Mar. 12, 1946.....	Harvard II Aircraft R.C.A.F. No. A7973 (1).....	2,000.00
	Harvard II Aircraft R.C.A.F. No. AJ980.....	
Mar. 12, 1946.....	Wrenches, Vices, Carpenter Bits, etc.....	333.64
Mar. 12, 1946.....	Compressor (2).....	180.00
Mar. 13, 1946.....	Float Installation complete with under Carriage Gear for Norseman II Aircraft.....	4,200.00
Mar. 13, 1946.....	Ford Stake Trucks (5).....	2,918.51
	Chev. Stake Trucks (2).....	
Mar. 15, 1946.....	Amplifier Cdn. No. 19 (1).....	150.00
Mar. 15, 1946.....	Generating Sets (31).....	6,200.00
Mar. 18, 1946.....	1942 Willys car (1).....	304.75
Mar. 22, 1946.....	Dispensers, Gear Lubricant (10).....	1,886.70
	Hand Pumps (50) Tool Chests (50).....	
Mar. 23, 1946.....	Miscellaneous Industrial Goods.....	1,972.91
Feb. 26, 1946.....	Tool Kits (3) Tool Roll (3).....	35.00
	Workshop Kit (1).....	
Feb. 27, 1946.....	1941 Station Wagon Plymouth R.C.A.F. 30-936 (1).....	556.65
Feb. 27, 1946.....	900 X 13 New Tires (20).....	438.62
	900 X 13 New Flaps (10).....	
Feb. 28, 1946.....	Shoe Canvas (150 prs.).....	270.00
Feb. 28, 1946.....	Shoes Canvas (150 prs.).....	270.00
Feb. 28, 1946.....	Socket Banks, Wall Switch, Clamp Switch and Cord, etc.....	9.92
Feb. 28, 1946.....	1942 Chev. Model 17-63 3 ton (1).....	1,106.81
Feb. 28, 1946.....	Miscellaneous Industrial Goods.....	731.73
Feb. 28, 1946.....	Miscellaneous Industrial Goods.....	4,655.08
Mar. 1, 1946.....	Coal, sub-bituminous, single screened (50 tons).....	332.50
Mar. 1, 1946.....	Ford Crash Truck 1942 (1).....	3,944.81
Mar. 1, 1946.....	Ford Crash Trucks (4).....	15,224.34
Mar. 1, 1946.....	Ford Station Wagons (2).....	400.00
Mar. 1, 1946.....	Dodge Station Wagon (2).....	600.00
	Ford Station Wagon (1).....	
Mar. 1, 1946.....	Miscellaneous Automobile Equipment.....	843.34
Mar. 1, 1946.....	1941 International Fire Truck (1).....	3,197.98
Mar. 1, 1946.....	1941 International Fire Truck (1).....	3,006.45
Mar. 23, 1946.....	Hand Saws, Metal Rulers, Claw Hammers, etc.....	107.14
Mar. 25, 1946.....	Dispensers, Paper Towel (1) Lamps, Desks, Electric (1) Lamps, Floor, Standing (22).....	87.22
Mar. 26, 1946.....	Brushes, Floor Polish (4).....	10.24
Mar. 26, 1946.....	Beds Hospital, Adjustable, bottoms (2).....	
	Beds Hospital, Adjustable, tops (2).....	70.71
	Beds Hospital, Adjustable, Springs (2).....	
	Chairs, Invalid (1) Screens, Bedside (3).....	
Mar. 26, 1946.....	Miscellaneous Cafeteria Equipment.....	1,508.18
Mar. 26, 1946.....	Bunkhouse and Camp Equipment.....	1,124.75
Mar. 26, 1946.....	Ford Stake Truck (1).....	507.00
Mar. 27, 1946.....	Bunkhouse and Camp Equipment and Cafeteria Equipment.....	4,364.36
Mar. 27, 1946.....	Miscellaneous Non-ferrous metals.....	132.40
Mar. 27, 1946.....	1941 International Fire Truck (1).....	3,010.20
Mar. 28, 1946.....	Dressers, Extractors, Hammers, Wrenches, etc.....	44.85
Mar. 28, 1946.....	Tractor, Crawler Ser. 5M-504 (1).....	1,742.55
Mar. 28, 1946.....	Tractor, Crawler Ser. 5M-456 (1) angle dozer (1).....	2,706.00
Mar. 30, 1946.....	Tractors, Crawler Ser. 5M-526, Ser. 5M-432, Ser. 5M-508, Ser. 5M-424 (4).....	6,970.20
Mar. 30, 1946.....	Tractors, 1940 Model Ser. 5M-452, Ser. 5M-494 (2).....	5,411.10
	Angle Dozers (2).....	
Apr. 2, 1946.....	(1941 Tractor Crawler R.C.A.F. No. 21-7552 (Ser. 5M-492) (1).....	2,705.00
	(4CC Argle Doyer R.C.A.F. No. 24-035 (1).....	
Apr. 2, 1946.....	16 A-1940 Tractor Crawler R.C.A.F. 21-552 Ser. 6113.....	2,160.00
Apr. 2, 1946.....	1940 Tractors Crawler R.C.A.F. Cletrac CC, Sers. 5M-502, 5M-438, 5M-440.....	5,227.65



Date	Description	Sales Price
Apr. 6, 1946.....	Blankets Woolen P.C.W. grey wool and cotton with Yellow Stripes (2,650).....	6,625.00
Apr. 6, 1946.....	Heads Broom soft 4' (80).....	288.00
Apr. 11, 1946.....	Roller, Gas, Pavement No. 27-220 (1).....	2,267.00
Apr. 12, 1946.....	Buildings Misc. (19).....	28,243.00
Apr. 12, 1946.....	Building No. 9 Station Hospital (1).....	1,890.16
Apr. 12, 1946.....	Buildings.....	6,840.00
Apr. 13, 1946.....	{Axes with handles (500).....}	682.50
	{Shovels with handles with round mouth (250).....}	
Apr. 15, 1946.....	1942 Trailer, 20-ton, Army Type Gordner R.C.A.F. (1).....	2,001.91
Apr. 15, 1946.....	1942 Willys Cars 5-cwt. (5).....	1,523.75
Apr. 16, 1946.....	3-Ton Dump Trucks, 1942 G.M.C. Model 97-63 (2).....	500.00
	Code No. 68A-18715, 68A-169805, Engine No. G-3885, G-4084, Ser. No. 2976302002, 2976302085.	
Apr. 17, 1946.....	{Boxes each 6½ x 5 x 10 with lock (18).....}	
	{Handles Broom soft.... (410).....}	190.52
	{Stretcher bearer scissors (10).....}	
Apr. 18, 1946.....	4" Vises—Swivel hose (4).....	16.00
Apr. 20, 1946.....	{Universal Condensing Units (2).....}	1,493.50
	{Kelvinator Condensing Units (4).....}	
	{Universal Coils (3).....}	
	{Kelvinator Coils (4).....}	
Apr. 23, 1946.....	4" Vise Swivel Base (1).....	5.00
Apr. 23, 1946.....	Various Types of 4" Vises (10).....	34.00
Apr. 24, 1946.....	Builder's Supplies.....	296.26
Apr. 26, 1946.....	Land without Buildings—14.86 Acres.....	208.04
Apr. 27, 1946.....	C.D.C. Operators Kits A Containing Technical detail Stores (2).....	762.27
Apr. 29, 1946.....	Ford Tender Refuelling, R.C.A.F. 34-002 Ser. and Eng. Nos. 1G-17292, Cap. 800 gals. (1).....	850.00
Apr. 30, 1946.....	Scientific and Professional Equip. (9).....	178.57
May 1, 1946.....	1942 Willys Cars (7).....	2,248.75
May 3, 1946.....	Hand Fuelwood (17 Cards).....	123.25
May 3, 1946.....	Vise 5" Stationary Base (24) Vise 4½" Swivel Base (6).....	120.96
May 6, 1946.....	Building No. 28 situated on the airport.....	1,259.00
May 6, 1946.....	Draftman's Stool (1) Drafting Board with Ruling attachment (1).....	78.36
May 10, 1946.....	(39) Buildings located 12 miles north of the Dafoe, Sask.....	50,598.00
May 11, 1946.....	Sheaths Matchet (leather) (152).....	37.75
May 11, 1946.....	Matchet 15" Blade (177).....	221.25
May 13, 1946.....	Cylinder Air Hoist (1).....	180.00
May 16, 1946.....	Canco Winch Model F for Tractor (1).....	990.00
May 17, 1946.....	Roller Pavement Collion (1).....	2,267.00
May 17, 1946.....	(Scrap) Lathes (13).....	715.00
May 23, 1946.....	G.M.C. Dental Lorries (3).....	3,105.00
May 23, 1946.....	1942 Willys Cars (6).....	1,713.00
May 28, 1946.....	Office Furniture and Equipment.....	1,274.95
May 28, 1946.....	Cabinets, Tool, Steel (9).....	126.00
May 30, 1946.....	Steel Tool Cabinets (15).....	135.00
May 30, 1946.....	Welding Rod (150).....	112.50
May 30, 1946.....	Cupboards, Wooden, Tool (15).....	450.00
May 30, 1946.....	Remaners pinion and bearing assembly Lorry (Ford) (2).....	18.90
May 30, 1946.....	Plates, tool makers (10) Tools, layout with stand (2).....	203.20
	Total.....	\$ 516,436.39

STATISTICS DIVISION,  
June 25, 1946.

That completes my answers, Mr. Chairman. I still have six or eight questions outstanding for future meetings.

The CHAIRMAN: Now, gentlemen, our number has dwindled somewhat.

Mr. PROBE: Mr. Berry will be back?

The CHAIRMAN: Yes, if necessary.

Mr. PROBE: Because I have a number of questions I would like to ask with respect to staff who have been discharged because of malpractices, shall we say.

The CHAIRMAN: I wonder if you would put that question in writing, Mr. Probe, and let me have it? I am asking that because Mr. Berry asked me before the meeting to-day as to whether he would be at liberty to file the

remaining answers. He has been here in almost continuous attendance. I spoke to one or two of the members this morning expressing my views on this matter. I hoped that we would be able to wind up the proceedings of this committee in near future and I am working in that direction; not that I want to stop any questions—I want to emphasize that,—but I do feel that we should allow these gentlemen to carry on their own particular work.

Mr. PROBE: Well then, I would like to ask Mr. Berry some questions with respect to the educational policy of the corporation. Mr. Low gave evidence a while ago on a day when I was not here. I was sorry that I missed that. But as I understand the picture, regardless of Mr. Low's activities he is solely an administrative officer, the man who carries out the policy laid down by Mr. Berry. I mean by that, you must lay down the policy for all of these officials?

The WITNESS: Correct.

Mr. PROBE: And no matter how much we discussed the subject with Mr. Low he could not go beyond his present instructions with respect to matters of that kind.

The CHAIRMAN: The question of policy is what you have in mind, I take it?

Mr. PROBE: That is right. If I were to frame a general question on policy in writing, would you interpret that question quite liberally and give me a broad reply?

The WITNESS: I will be very glad to do so.

Mr. PROBE: I do not want to detain you, but I do feel that in certain respects the policies of the War Assets Corporation with respect to educational matters throughout the country is not entirely in line with my views, and I thought I would like to take up this matter of policy with yourself, and I want to discuss the whole matter of supplies for educational institutions.

The CHAIRMAN: I am afraid you were not here when I stated that Mr. Low would be back.

Mr. PROBE: But I am interested in policy. I appreciate that Mr. Low has not finished yet, but even when he is here he could not give me the answers I want because policy is not a matter which comes within the purview.

The CHAIRMAN: On these questions of policy we could incorporate in our report recommendations as to the policy we would like to see applied. If we were not in agreement with the present policy we could suggest something else.

The WITNESS: May I suggest that basically we are doing all we can to help educational institutions. We give certain materials on indefinite loan, where it has no commercial value in its existing condition.

Mr. PROBE: That is the point. The United States take a different attitude about that. I think we ought to adopt the American pattern in this regard.

The WITNESS: We have a policy also of giving educational institutions priority. The main stumbling block I think is that there is a policy not only directly applicable to educational institutions, but applicable right through our operations, that is, charging the going market price for anything that is saleable.

Mr. PROBE: That is right, and the Americans give a forty per cent discount. I was going to suggest that you give the Canada-Newfoundland Educational Association the right on behalf of the educational institutions of this country to get a similar discount.

The WITNESS: There again they are buying new articles on which there is an established cost of manufacture and an established cost of distribution.

Mr. PROBE: But even here in your sales to large corporations or small corporations you have been quite flexible, as I see it, in administering your

policy, but in the formulation of your policies, at least to the best of my information, you have been quite inflexible in so far as educational institutions are concerned.

The WITNESS: We only grant discounts or commissions or whatever you like to call them for definite services performed for the Corporation. For instance, we have no retail outlets and we expect to pay something for the use of retail outlets.

Mr. PROBE: Suppose in dealing with these things you accept the Canada-Newfoundland Educational Association as a retail outlet for your dealings with educational institutions.

The WITNESS: And that always brings us up against the question, should an educational institution have a price preference over perhaps even a veteran; and, should a veteran have preference over a hospital, and should a hospital have preference over any other public institution, and so on.

Mr. PROBE: I do not see that you have given public bodies any price preference, as a matter of fact it would appear that you have discriminated in price against public corporations as against commercial organizations.

The WITNESS: We have not given any discount to people other than those who perform a service for us.

Mr. PROBE: I would like to see the Canada-Newfoundland Educational Association perform a certain service on your behalf for educational institutions. If they were to do that could you not give them a 40 per cent discount similar to what is being done under the American pattern I will put this one in the form of a letter to you, and I would like to have a reasonably generous reply.

The CHAIRMAN: Just to keep things in order, would you address that letter to the chairman of the committee?

Mr. PROBE: I will do that.

Mr. BRADETTE: With respect to the matter raised by Mr. Probe, I am in favour of questions being put in writing and handed to the chairman and given by the chairman to the witness, but I would not be in favour of having questions on matter of policy being put in writing to Mr. Low, because that is a matter which should be open for discussion before the whole committee. That is the way I feel about it. As Mr. Probe has said, Mr. Low will not be in a position to deal with changes in policy.

Mr. PROBE: I agree with you, Mr. Bradette. I saw that difficulty, I was away ahead of you there actually, because I know that Mr. Low would not be able to deal with the subject matter of my letter.

The WITNESS: I think Mr. Low is in a position to deal with any questions coming within the present prescribed policy of the corporation.

Mr. PROBE: That does not interest me, I want to go beyond the presently prescribed policy.

The WITNESS: You would like the policy changed, in other words.

Mr. PROBE: I may have some questions on that style.

The CHAIRMAN: That completes Mr. Berry's replies to questions for the moment. The committee stands adjourned until Tuesday next, at 11.00 o'clock a.m.











Gov. Doc  
Can  
Com  
W

Canada War Expenditures 1946

(SESSION 1946  
HOUSE OF COMMONS )

CA1 XC 2

-46W12 (SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES )

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

TUESDAY, JULY 9, 1946

WITNESS:

Mr. H. R. Low, Assistant to the President, War Assets Corporation.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946



## MINUTES OF PROCEEDINGS

TUESDAY, July 9, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 o'clock, a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Cockeram, Cote (*Verdun*), Golding, Homuth, Isnor, Marier, Marquis, Murphy, McGregor, McLraith, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

*In attendance:* Mr. H. R. Low, and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation, and Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Chairman filed a communication from Mr. H. F. Gordon, Deputy Minister of National Defence for Air, respecting the alleged mutilation of batteries at No. 1 Equipment Depot, Toronto.

He also filed a communication from Mr. J. H. Berry, President, War Assets Corporation, in answer to a question by Mr. Probe concerning bids received by War Assets Corporation on R.C.A.F. Tender No. M.319.

Ordered that the above communications be incorporated into this day's minutes of evidence.

Mr. Low was recalled and examined on his brief presented on June 20 with respect to the disposal of surplus material and equipment to educational institutions.

On motion of Mr. Reid,

*Ordered,*—That Mr. Charles E. Phillips, Secretary-Treasurer, The Canada and Newfoundland Educational Association, Toronto, be requested to appear before the Committee on Thursday, July 11, and that Mr. J. H. Berry, President, War Assets Corporation, or a representative, be in attendance at the said meeting.

The Chairman informed the Committee that he had received a communication from Mr. Probe suggesting certain recommendations with respect to the disposal of surplus equipment to educational institutions.

It was agreed that the said communication be recorded in this day's minutes of evidence.

At 1.00 o'clock the Committee adjourned until Thursday, July 11, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS

July 9, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order we will proceed with our business. Before calling on the next witness I wish to table and request your permission to include in the minutes a reply received from Mr. H. F. Gordon, Deputy Minister, Department of National Defence, Air, referring to a question raised by Mr. Stewart relative to batteries.

Mr. STEWART: May I ask this, it is almost a question of privilege: I think the responsible air force officers have said nothing by way of denial to the statement made by Wing Commander E. G. Mahoney, which will be found at page 652 of the evidence, where he states:—

Unfortunately I was unable to contact Dr. Boris Sherashevski who appears to be incommunicado but on the basis of personal service knowledge of aircraft batteries and as the result of my investigation, I can only suggest the substance of the press release is the result of exaggerated hearsay or the exercise of an over active imagination.

According to the best of my belief that is entirely untrue.

The CHAIRMAN: Perhaps if you read this material you will be in a better position to make comments, Mr. Stewart. Is it your pleasure that this be included in the minutes?

Carried.

### DEPARTMENT OF NATIONAL DEFENCE FOR AIR

#### OFFICE OF THE DEPUTY MINISTER

OTTAWA, 5 July, 1946.

GORDON B. ISNOR, Esq., M.P.,  
Chairman,  
War Expenditures and Economies Committee,  
House of Commons,  
Ottawa, Ontario.

DEAR MR. ISNOR,—On May 30th last I submitted a report to your committee concerning the alleged mutilation of batteries by No. 1 E.D. At that time, the investigating officer had been unsuccessful in contacting the author of the article which appeared in the Winnipeg Free Press. However, since that time, W/C Mahoney has been able to obtain an interview with Dr. J. J. Brown (Dr. Boris Sherashevski is his pen name).

To complete the record on this matter, I attach hereto a copy of the second and final report. If any further information is required, I shall be very happy to provide it to the committee.

Yours very truly,

H. F. GORDON  
*Deputy Minister*

## MEMORANDUM

12th June, 1946.

SSO

*Mutilation of Batteries—1 ED*

1. Further to my preliminary report of 29th May, 1946, accompanied by W/C F. F. Foster, Chief Equipment Officer of 1ED, I interviewed Dr. Boris Sherashevski on 7th June, 1946 at his residence RR1 Todmorden, Ontario, Don Mills Road, phone: Agincourt 29-M-12 (a suburb of Toronto). Sherashevski is the pen name of Dr. J. J. Brown. He is a physicist previously employed by Research Enterprises Ltd. on radar work and recently the author of several articles, one pertaining to plumbing supplies in a vein similar to the one on batteries. He stated he is an inventor and experimenter.

2. His quarrel is with War Assets Corporation for their failure to permit him to purchase scrap from which, by ingenuity, he can salvage parts and utilize them for various purposes or resale. He has visited scrap yards in several cities and appeared particularly annoyed with G. Solway and Sons for their refusal to sell him a battery. He has purchased numerous items from other scrap dealers, including a mutilated course setting bomb sight, Ref 9/199 ("E" repair priority from March to August, 1945), for \$1. Dr. Brown stated he had been advised by War Assets that they had no radio earphones for sale yet claims he obtained a serviceable one from a scrap yard.

3. Dr. Brown stated he is a pilot and fully appreciates the high standard of airworthiness demanded for airborne equipment and for this reason agrees with the R.C.A.F. for scrapping doubtful or uneconomically repairable items. He admits it is not economical to adapt aircraft batteries to private or commercial vehicles but contends that they could be used for motor boats or experimenters such as himself. This, despite the assertion in his article that they could be used for automobiles.

4. Dr. Brown has in his possession an aircraft battery R.C.A.F. Ref. No. 5J/22 (R.A.F. Ref. No. 5J/1391) which he purchased in October, 1945, from Solways truck driver. He stated he obtained the battery to support his article in the Winnipeg Free Press. He proposes modifying this battery after repairing it and use it in his motor boat. The battery in question is new. The end filler cap is stove in and the strip of adhesive tape sealing the vent holes in the filler caps bears the obvious impression of force having been applied. This force could, of course, have occurred as the result of accidental damage.

5. After questioning him he admitted all the 2,000 batteries in the scrap pile were not aircraft batteries and that he estimated 270 had the filler caps stove in. He further agreed that Solway probably received this pile from numerous sources.

6. Dr. Brown could not immediately locate the R.C.A.F. tag for the battery in his possession, but later by telephone gave me the following particulars, stating to the best of his knowledge this tag was affixed to his battery:—

Accumulator, Ref 5J/27, marked "Produce" by B. Phelps Sgt. (AID at 1 ED) dated 2 Aug 45. On the reverse side is shown 12 ED Issue Voucher No 12026 dated 25 July 45.

7. The R.C.A.F. tag in question could not possibly pertain to the battery in his possession which is Ref. 5J/22. This tag covers one only of a shipment of batteries received from 12 ED by 1 ED on their Receipt Voucher D1521 dated 7th August, 1945, which was found damaged on receipt, one end of the case



being broken; the remaining batteries in the shipment were serviceable and accepted. The broken battery was passed to the salvage section and undoubtedly found its way to Solway but was legitimately scrapped by the R.C.A.F. It cannot be the battery in Dr. Brown's possession.

8. Apparently he obtained information from Solways driver that all the batteries in the pile came from 1 ED. This is hearsay and incorrect.

9. The situation resolves itself down to his modified version that 270 aircraft type batteries out of approximately 2,000 various types had the filler caps stove in which he cannot, in my opinion, prove, despite the fact he has one and implies he has a photograph of the pile in the Solways yard. The pile has since gone. Neither can the R.C.A.F. disprove his assertion for the same reason, except that we have never released 2,000 to Solway and beyond maintaining how illogical it would be to waste manpower by removing the covers, breaking in one filler cap and replacing the cover with a somewhat complicated locking device when it would be much easier to merely strike the outside of the case with a sledge-hammer. In view of the foregoing, I am still of the opinion that the press article was highly exaggerated and that Dr. Brown cannot support the allegation that 2,000 batteries were mutilated by 1 ED and that his article was misleading.

10. Attached is a statement reviewing the points raised in his article, each point compared with Solways and the writer's versions.

(Sgd.) E. G. MAHONEY  
(E. G. Mahoney) W/C  
SSO/S3

ANALYSIS OF WINNIPEG FREE PRESS ARTICLE

Winnipeg Free Press	Solway & Sons Version	R.C.A.F. version																		
1. Several truck loads of new storage batteries unloaded at Solway and Sons.	We never received more than one truck load at any time.	<p>The following batteries were handed over to Solway &amp; Sons by the R.C.A.F.:</p> <table> <tr> <td>25 June, 1945.....</td><td>1 ED</td><td>57</td></tr> <tr> <td>3 October, 1945...</td><td>1 ED</td><td>314</td></tr> <tr> <td>14 January, 1946...</td><td>1 ED</td><td>73</td></tr> <tr> <td>25 March, 1946....</td><td>1 ED</td><td>51</td></tr> <tr> <td>9 November, 1945 Mt. Hope</td><td></td><td>162</td></tr> <tr> <td colspan="2"></td><td>Total 647</td></tr> </table>	25 June, 1945.....	1 ED	57	3 October, 1945...	1 ED	314	14 January, 1946...	1 ED	73	25 March, 1946....	1 ED	51	9 November, 1945 Mt. Hope		162			Total 647
25 June, 1945.....	1 ED	57																		
3 October, 1945...	1 ED	314																		
14 January, 1946...	1 ED	73																		
25 March, 1946....	1 ED	51																		
9 November, 1945 Mt. Hope		162																		
		Total 647																		
2. Most of these batteries were still in their original packing cases and all of them carried a red R.C.A.F. "produce card" which means scrap.	NIL	<p>Of the batteries handed over to Solway, possibly 8 which were damaged in handling or shipment may have been in their original cases. The photograph of the pile, (if Dr. Brown has one) should prove this. There may have been automobile type batteries received by Solway from sources other than R.C.A.F. in the pile in manufacturers cartons. Since up to October, 1945, when Dr. Brown saw the pile, the R.C.A.F. had only released 371 scrap batteries to Solway how could the 2,000 in the pile all have R.C.A.F. tags on them. Further, Dr. Brown agreed that the 2,000 in the pile undoubtedly came from numerous sources other than the R.C.A.F. Further, the R.C.A.F. red tag does not always mean "scrap", it is also used to designate "repairable" equipment.</p>																		

## ANALYSIS OF WINNIPEG FREE PRESS ARTICLE—Continued

Winnipeg Free Press	Solway & Sons version	R.C.A.F. Version
3. The batteries had been in storage at No. 1 Equipment Depot.	The assertion that the knowledge that the batteries originated from No. 1 Equipment Depot is probably pure guess work, as a matter of fact all batteries we received from a good many sources were thrown on the same pile and furthermore we would certainly not divulge to any stranger where scrap originated from.	This is probably hearsay which Dr. Brown may have obtained from Solways driver. The article throughout refers to 2,000 batteries, whereas 1 E.D. only turned over 371 to Solways, up to and including October, 1945.
4. They had been made into scrap by the R.C.A.F. by the simple process of smashing in one of the filler caps with a hammer, and then marking the red card "broken Cap".	NIL	The R.C.A.F. would not take the trouble of removing the covers, smashing in one filler cap and replacing the cover with a somewhat complicated looking device. If it were necessary to mutilate, more effective damage would be done by striking the outer case with a sledge hammer. Further, none of the red tags in Dr. Brown's possession were marked "broken cap".
5. Since all the 2,000 batteries were smashed in the same end filler cap.	We do not agree with the assertion that all the filler caps were smashed in the same spot, as a matter of fact our recollection was that this was not so.	The R.C.A.F. up to October, 1945, only delivered a total of 371 batteries to Solways, the majority of which were scrapped due to sulphated plates and these were not smashed or mutilated. Further, Dr. Brown when interrogated by W/C Mahoney admitted, that whilst there were approximately 2,000 batteries of various types in the pile, it was his estimate that 270 had the filler caps smashed in.
6. The processing for scrap was probably done by laying them in rows and going down each row with a hammer.	NIL	Note Dr. Brown uses the word "probably". See R.C.A.F. reply to item 4 above.
7. Even with a broken filler cap most of the batteries were still usable.	NIL	Any batteries scrapped by the R.C.A.F. were not usable in aircraft, or were not economically repairable, having regard to scarcity of repair materials. A.F.R.O. 1988 d. 8 September, 1944, directs only batteries with aluminum cases are to be repaired.
8. They could be sold at prices ranging from \$10.00 for a heavy duty automobile battery to \$50.00 for a 24-volt aircraft type.	NIL	Repairable or scrap automobile batteries are returned to the Army by the R.C.A.F. hence it is unlikely any heavy duty M.T. batteries in the pile came from 1 E.D.
9. The batteries had been shipped dry and never even filled with acid by the R.C.A.F.	How could anyone know the batteries were shipped dry unless the caps were taken off and each battery turned over to see if any liquid remained.	8 new uncharged batteries (aircraft) which were damaged were undoubtedly turned over to Solways by 1 E.D. The one in Dr. Brown's possession has not been charged but this is not grounds to say they were all dry.
10. Most of the crates carried instruction cards printed by Exide.	NIL	Dr. Brown has 2 or 3 manufacturers blue tags. At one time the R.C.A.F. received new batteries charged and wet, some of which dried out on the shelves and were scrapped due to sulphation. Sulphated plates will not take a proper charge. Few new aircraft batteries were scrapped for this reason. Sample of sulphated plates is passed herewith. 303 of this type were scrapped by 1 E.D. in March 1945.

ANALYSIS OF WINNIPEG FREE PRESS ARTICLE—*Continued*

Winnipeg Free Press	Solway & Sons Version	R.C.A.F. Version
11. I tried to buy some of the batteries from Mr. Solway. He said they could be sold only in truckload lots. I offered to buy a truckload. Then he said he was not allowed to sell.	We would never state batteries could only be sold in truckload lots because if a person has a permit to purchase batteries from the Metals Controller he can purchase battery lead scrap in any quantities from a pound to a carload, as long as the permit calls for so doing.	The sales order awarded by War Assets to Solway is endorsed "The purchaser hereby agrees to the following: That material sold shall not be used for any other purpose except that of remelting." Mr. Solway Sr. advised W/C Mahoney that in 40 years he had never sold a scrap battery.
12. Later, he (Solway) said they used to remove the lead—and sell the cases for re-use but this was stopped by the government. They used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets.	We never at any time sold any cases for re-use and no member of the government or War Assets Corp. spoke to us in this connection.	It is not economically practicable to salvage used battery cases for re-building. Broken battery cases make an intense fire and Solway & Son advised W/C Mahoney they saved it for fuel in the winter.
13. He (Solway) said—people offered to buy batteries at \$5.00 each.	No mention was ever made by us to the effect that people had offered to buy batteries at \$5.00 each.	NIL
14. He (Solway) would not risk breaking his contract even for a profit of nearly \$10,000.00.	We never told anyone we could make a profit of \$5,000.00 by selling these batteries for re-use and even if we could it certainly does not appear likely that we would confide this information to a total stranger.	NIL
15. I kept trying to buy the batteries on various pretexts.	NIL	Dr. Brown stated he eventually purchased one from Solways driver in October, 1945.
16. Mr. Solway confided he was trying to get permission to use a few of them in his own truck.	We do not operate our own trucks and all our transportation is done on a tonnage basis and we have never purchased any equipment or batteries for these trucks. We have never tried to get permission to use any of these batteries.	Solway & Sons name appears on the trucks. Dr. Brown agreed with W/C Mahoney that aircraft batteries could not be economically used on M.T. vehicles but were useful for motor boats and experimenters such as himself.
17. The yard man said an inspector from War Assets had come to supervise the destruction in person and when Solway remonstrated saying he had a market for the batteries, the War Assets man said if batteries were to be sold War Assets would do it.	Our yard man never spoke to anyone about someone coming from War Assets to supervise destruction of the batteries and it is utterly untrue for anyone to state we argued with any individual from War Assets in order to re-sell these batteries.	The "yard man" is one of Solway's sons
18. It is certain that these batteries were new and that they were mutilated by the R.C.A.F. to make them qualify as scrap.	NIL	The R.C.A.F. is equally certain all these batteries were not new. Further, the R.C.A.F. maintains no batteries were mutilated to qualify them as scrap. R.C.A.F. procedure necessitates accounting documents certified by competent technical personnel when writing down equipment from serviceable to repairable or from repairable to unserviceable to protect the public from such occurrences.
19. The R.C.A.F. depot is crowded and must make room in some way for mountains of equipment brought in from other depots recently closed down.	NIL	At the period Dr. Brown speaks of, i.e., October, 1945, no other equipment depots had closed down and at that time 1 E.D. had ample space for storage of batteries.



ANALYSIS OF WINNIPEG FREE PRESS ARTICLE—*Concluded*

Winnipeg Free Press	Solway & Sons version	R.C.A.F. version
20. Since batteries shipped dry deteriorate in storage after one or two years this type of equipment cannot be stored forever.	NIL	Lead acid batteries, when shipped dry and uncharged can be stored indefinitely providing the filler cap vent holes are sealed, according to accepted technical authority. In any event, it is R.C.A.F. storehouse procedure to issue the oldest first.
21. Consumers who need storage batteries at low prices cannot get them.	NIL	R.C.A.F. aircraft batteries disposed of to Solways were of 2, 4, 12 or 24 volt type, all with 7 to 90 APh rating. The design, construction and dimensions preclude them from being used in lieu of automobile type batteries without going to considerable trouble to modify and adapt them.

I also have a communication from Mr. J. H. Berry, President, War Assets Corporation replying to a question asked by Mr. Probe at a meeting of this committee held on June 14, 1946, concerning bids received by War Assets Corporation on R.C.A.F. tender No. M-319:

OFFICE OF THE PRESIDENT

## WAR ASSETS CORPORATION

No. 4 TEMPORARY BUILDING

OTTAWA

File: 2-10-3

July 9, 1946.

Mr. GORDON B. ISNOR, M.P.,  
Chairman,  
Special Committee on War Expenditures and Economies,  
House of Commons,  
Ottawa.

DEAR MR. ISNOR;—Attached is the answer to a question asked by Mr. John Probe, M.P., at a meeting of the Special Committee on War Expenditures and Economies on June 14th, 1946, concerning bids received by War Assets Corporation on R.C.A.F. Tender No. M.319.

Yours very truly,

J. H. BERRY,  
*President.*

Attachment.

File: 02-10-3

July 4, 1946

Question asked by Mr. John Probe, M.P.

*Question*

With respect to the disposal of an 18' R.C.A.F. tender M.319 may the following information be supplied:

- (a) Number of bids received, including the name of bidder;
- (b) Amount offered in each case;
- (c) To whom was the boat sold;
- (d) If the boat was not sold to the highest bidder, under what special conditions was the boat disposed of?

*Answer*

The 18' R.C.A.F. tender M.319 was one of nine similar boats advertised for sale by tender and located at Bedwell Bay, Vancouver, B.C.

The bids received on tender M.319 are in accordance with the attached report titled "TENDER G-1-39 18' TENDER M-319". The list also indicates the amount offered by each bidder.

There were two bids of \$650.00 each made for these tenders and tender M.320 was allocated to one of these bidders and M.319 to the other high bidder, Mr. J. D. D. Broom.

Later it was found that M.319 was damaged and an allowance of \$50.00 was made to Mr. Broom in respect of the damage.

## TENDER G-1-39

## 18' Tender M-319

Bidder	Address	Amount Bid
		\$ cts.
1 J. R. Thomson.....	No. 44 Detachment, No. 13 A.I. District, Vancouver, B.C.	300 00
2. Malcolm M. Pölhill.....	Willows Hotel, Campbell River, B.C.	250 00
3. Alex Lippe.....	1012 London St., New Westminster, B.C.	200 00
4. John B. Crane.....	521 Stock Exchange Bldg., Vancouver, B.C.	415 00
5. Gulf of Georgia Towing Co. Ltd.	Foot of Hornby St., False Creek, Vancouver, B.C.	351 50
6. British Columbia Pulp & Paper Co.	Bank of Nova Scotia Bldg., Vancouver, B.C.	255 00 (\$1,275 for 5 tenders)
7. W. A. Jaffray.....	513 Central Bldg., Vancouver, B.C.	75 00
8. J. Spencer Clark.....	409 Hastings St., Vancouver, B.C.	200 00
9. Osborne Logging Co. Ltd.	Sechelt, B.C.	300 00
10. R. C. Knox.....	The Elk Hotel, Comox, Vancouver Isl., B.C.	300 00
11. W. H. W. Hardwick.....	6958 Churchill Street, Vancouver, B.C.	300 00
12. David Brail.....	964 W. 16th Ave., Vancouver, B.C.	150 00
13. W. J. Mayne.....	Glendalough, Sechelt, B.C.	100 00
14. A. W. Harding.....	132 Commercial St., Nanaimo, B.C.	200 00
15. Glyn Lewis.....	508 Rosehill Ave., Nanaimo, B.C.	300 00
16. B. F. Keillor.....	4585 W. Second Ave., Vancouver, B.C.	260 00
17. H. Hartley.....	827 W. 61st St., Vancouver, B.C.	100 00
18. Robt. Troup.....	James Island, B.C.	250 00
19. J. K. Chapman.....	3361 Marine Drive, Hollyburn P.O., B.C.	350 00
20. J. L. Magrath.....	609 Scollard Bldg., Victoria, B.C.	350 00
21. Lloyd Pantages.....	136 East Hastings, Vancouver, B.C.	250 00
22. Mrs. Ethel W. Clarkson.....	Woodfibre, B.C.	400 00
23. Mr. Bernard L. McLaughlin.....	3126 Georgia St., East, Vancouver, B.C.	125 00
24. J. Davis.....	D.O.T. Radio Range, Port Hardy, B.C.	150 00
25. P. Madison.....	c/o Vancouver News Herald, 426 Homer St., Vancouver, B.C.	200 00
26. C.P.R. McDonald.....	1325 Fairfield Rd., Victoria, B.C.	1, 100 00 for 9 tenders
27. John G. Gemmell.....	Penticton, B.C.	250 00
28. Eric A. Miller.....	310 Paris Bldg., Winnipeg, Man.	300 00
29. L. Farstad.....	2625 Helmlock St., Vancouver, B.C.	250 00
30. Morrow Coal & Ice Co.....	1055 Main St., Vancouver, B.C.	530 00
31. K. S. Wheatley.....	2091 W. 42nd Ave., Vancouver, B.C.	385 00
32. C. H. Norris.....	c/o Canadian Fishing Co. Ltd., Gulf of Georgia Cannery, Steveston, B.C.	310 00
33. C. H. Edmond.....	2746 West 38th Ave., Vancouver, B.C.	300 00
34. H. B. Craig.....	643 Yates St., Victoria, B.C.	410 00
35. Richards Kline.....	Sechelt, B.C.	45 00
36. A. H. Chambers.....	Belcarra, Burrard Inlet, B.C.	126 00
37. Thos. T. Turner.....	Garrow Bay, c/o Horse Shoe Bay P.O., Vancouver, B.C.	250 00
38. R. D. McNab.....	P.O. Box No. 851 Cranbrook B.C.	305 00
39. R. Lawrence.....	848 Helmeken St., Vancouver, B.C.	355 00
40. Eric Lyons.....	c/o Vancouver Daily Province, Vancouver, B.C.	1, 000 00 for 8 tenders
41. John Orr.....	Roberts Creek, B.C.	150 00
42. V. L. Faulkes.....	3804 W. 29th St., Vancouver, B.C.	300 00
43. Robt. E. Malkin.....	4088 E. Boulevard, Vancouver, B.C.	500 00
44. K. T. Thurston.....	1145 W. 12th Ave., Vancouver, B.C.	380 00
45. Chas. M. Mitchell.....	2002 Robson St., Vancouver, B.C.	100 00
46. S. Shelton.....	910 Kingsway St., Vancouver, B.C.	150 00

TENDER G-1-39—*Concluded*18' Tender M-319—*Concluded*

Bidder	Address	Amount Bid
47. Thos. A. Ross.....	520 45th Ave., East, Vancouver, B.C.....	275 00
48. R. M. Robson.....	8195 Main St., Vancouver, B.C.....	1,000 00 (Awarded the M-311—bid on 4 wanted 1 only.)
49. Harold Enqvist.....	3495 Grandview Highway, Vancouver, B.C.....	150 00
50. W. A. Bickell.....	422 Metropolitan Bldg., Vancouver, B.C.....	310 00
51. Wallace Coburn.....	674 Kingsway, Vancouver, B.C.....	400 00
52. Robt. Skinner.....	236 Cordova St., E., Vancouver, B.C.....	175 00
53. Harold Jones.....	Royal Vancouver Yacht Club, 407 W. Cordova St., Vancouver, B.C.	300 00
54. W. P. Dewees.....	719 Seymour St., Vancouver, B.C.....	300 00
55. D. G. K. Wilson.....	Vesuvius Marine Service, Ganges Salt Spring Isl., B.C.	250 00
56. H. Robson.....	8185 Main St., Vancouver, B.C.....	425 00
57. Cyril Lambe.....	Royston Beach Auto Court, Royston, Vancouver Island, B.C.	100 00
58. J. W. Gallagher.....	Bowen Island, B.C.....	200 00
59. Frank Lake Jr.....	233 West 25th St., N. Vancouver, B.C.....	200 00
60. Sudbury Rotary Club.....	Box No. 247 Sudbury, Ont.....	285 00
61. A. Linton & Co. Ltd.....	Foot of Nicola St., Vancouver, B.C.....	600 00 for 2 tenders
62. J. D. D. Broom.....	539 Pender St. W., Vancouver, B.C.....	650 00 This price was later reduced to \$600.00 due to dam- age to craft after inspection.

And now, gentlemen, you will recall that at our meeting on Thursday, June 20, we had before us Mr. H. R. Low, Assistant to the President, War Assets Corporation, who was at that time dealing with the disposal of surplus material and equipment to educational institutions. By the regular procedure we should have recalled Mr. Low at our last meeting, but at the request of Mr. Shaw who was absent we postponed that until today. I will now call Mr. Low.

**Mr. H. R. Low, Assistant to the President, War Assets Corporation, recalled:**

Mr. MCGREGOR: Just before you go on with this, I asked some time ago when we started for a full report on the construction of boats at the different yards. May I ask when I will have that report?

The CHAIRMAN: I think there are about four or possibly five questions, or replies, still outstanding. Can you tell us if that is included, Mr. Irvin?

Mr. IRVIN: No, there is nothing on that yet.

The CHAIRMAN: I will look for that, Mr. McGregor. I think there was a fairly substantial report on ships tabled by Captain Hope. But I will look further into your question.

Mr. MCGREGOR: What I am asking for is on the record.

The CHAIRMAN: At what page will it be found? Have you the page number?

Mr. MCGREGOR: No, I have not. Then, with regard to the report that was made on yachts purchased by the government, a final report on that; have you any idea when that is going to come through?

The CHAIRMAN: I thought that that report on yachts had been filed.

Mr. McILRAITH: There is a second report now that has been filed.

The CHAIRMAN: Yes, I recall that there was a second report.



Mr. MCGREGOR: A second report?

The CHAIRMAN: Yes.

Mr. MCGREGOR: I know there was a second report but I want the final report. I do not know just what page it is on but I made quite clear just what I wanted, and the committee agreed that I should have it. Nothing has been said about it since and I was wondering when it was going to come forward.

Mr. MCILRAITH: We will certainly get it.

The CHAIRMAN: We will follow that through for you, Mr. McGregor.

Mr. BLACK: In connection with the naval boats there is an inquiry I made for a report about the disposal of equipment, supplies and stores for fairmiles and corvettes delivered at Sorel

The CHAIRMAN: Yes, you raised that at the last meeting.

Mr. BLACK: I raised it repeatedly and at our last meeting you gave Mr. Berry the page number and I believe he said he would get the information for us on it.

The CHAIRMAN: You gave him your request for that information at page 681 dealing with the dismantling of ships.

Mr. BLACK: That does not give me any information, that simply states my inquiry.

THE CHAIRMAN: At that time Mr. Berry, who was the witness, stated that he would look into the matter.

Mr. BLACK: That is right.

The CHAIRMAN: Mr. Low, are you ready to proceed?

The WITNESS: I am ready, Mr. Chairman, it is a matter of questions now.

*By Mr. Shaw:*

Q. Mr. Chairman, first may I express my appreciation to the committee for having deferred consideration of this brief until this time. For months the committee will be aware that I have been deeply interested in the educational aspects of the War Assets Corporation's work. I think may be that interest is easily understandable when I point out that I spent more than a dozen years in the school teaching profession. I have a heavy file of correspondence from school boards, teachers, officials of educational departments and from others who are also interested in the subject. More than that I have the conviction Mr. Chairman, that War Assets today have goods which while not readily saleable, they have goods which are saleable possibly but not readily saleable, and they have educational value and I am very much afraid that if many of these goods are held until such time as they become saleable at a later date that a loss may be sustained by War Assets Corporation and educational bodies may lose also. I believe it was pointed out at one of the previous meetings that the dollars received from disposals are not necessarily the prime consideration. I believe that in disposing of certain of these enterprises, government enterprises, that they were disposed of not so much from the standpoint of dollar value as from the value their use would be to the public and to the community in which they were located. Had they been held longer it might have been possible to get a greater number of dollars out of the properties, but it was considered to be more in the public interest to dispose of them in that way.

When Mr. Low presented this brief I was a little bit astonished at its brevity. After a careful perusal of its details I have come to the conclusion that it stresses one thing in particular, the fairly restrictive policy the War Assets Corporation have employed in connection with its attitude towards education. And now, may I refer to page 2, paragraph 2 of Mr. Low's brief;

may I ask the witness if I am correct in concluding that the only materials now available to educational institutions on indefinite loan are those which are categorized as scrap?—A. Yes, that is correct.

Q. To the average citizen, Mr. Chairman, this word "scrap" I think is taken to indicate only such materials as remain in junk yards. I have had some of these educational representatives say to me, the only thing available to us is scrap. I think that is because, as I said, they think of scrap only in the terms of what they see in junk yards. I would like to ask the witness if he himself supplies the educators or administrators with anything in the way of a comprehensive explanation of what scrap material having educational value is available on indefinite loan?—A. Mr. Chairman and Mr. Shaw, I should amplify my first answer by pointing out that it is understood that when I said that it is only material and equipment classified as scrap which is available to educational institutions that we are speaking of the policy of indefinite loan. It is understood over and above that that if the educational institutions desire to purchase equipment and material which are commercially saleable then they have to pay the current market prices. So that for the present what we are speaking of is the policy of the corporation in respect to material and equipment which is available under the policy of indefinite loan. And now, Mr. Shaw's question is, are educational representatives and administrators aware to any great extent as to what is available as scrap. Is that correct, Mr. Shaw?

Q. Yes, basically that is the question.—A. Well now, I think, Mr. Chairman, it would be clear to the committee here if I state in some detail just how the official educational representatives who are listed in the appendices of the brief on education, the provincial educational representatives, the provincial departments of education and the universities across Canada, are made aware of what is available in this category of scrap. The procedure is that all the material which is being categorized as being commercially saleable is made available to the merchandising department for sale. Therefore, that material is not available under the policy of indefinite loan because it is not scrap. If material and equipment is categorized as scrap, before that material and equipment is disposed of as scrap the provincial educational representatives are notified in the appropriate areas through the regional or branch sales offices, of the location of this material and are given an opportunity to inspect it for its educational value. That means, more specifically, when material which has been categorized as scrap by the corporation and is located say at Calgary then the representative of the provincial department of education and the University of Alberta are notified of the whereabouts of this material by the branch sales office at Calgary. They come and look at it and if they want it they can take it under the policy of indefinite loan from wherever it may be stored. If they do not want it then we sell it as scrap. Is that all right, Mr. Shaw?

Q. I have one or two supplementary questions. You have scrap stored at quite a number of points, let us say the province of Alberta—you mentioned the province of Alberta—what I want to ask you is this, how does the official representative, who I believe is Mr. J. H. Ross inspect this material? Does he actually inspect all the scrap for the purpose of determining whether it has or has not educational value?—A. That would be my understanding of our directive in the matter of this policy, that all scrap before it is disposed of is inspected for its educational value. And now, I might add that there would be the understanding that there would be a certain type of scrap, such as metal scrap that possibly would be sold as metal scrap because of the shortage of materials at the present time; but anything that would suggest that it could have educational value would be inspected by the official educational representative.



Q. Who suggests to him that it may or may not have educational value? You indicated that he would inspect it. I believe I got you correctly, that is you indicate to him that this may have educational value, you advise him? Who does that?—A. The branch sales office in Calgary.

Q. In other words, there may be a good deal of scrap that never comes to his attention simply because it has not been suggested to him by your branch representatives that it may or may not have educational value. Is that correct?—A. That is quite possible, Mr. Shaw. I would think that in the disposal of scrap there might be certain types of scrap sold without previous inspection by educational representatives. That is quite possible. I would not like to say whether it is actually the case or not because I do not know.

Q. Well now, let us suppose that Mr. Ross, for example, goes to some depot where you have this material stored, he is not in a position to know the requirements of educational bodies as apply to that scrap, because mind you it is surprising what ingenuity is shown by students and teachers alike in the utilizing of certain equipment which to the ordinary layman might have no educational value whatsoever. And now, this is my question, Mr. Low; have you or have you not through the War Assets Corporation taken any steps whatever to put on display all this scrap material that might have educational value; let us say at the teachers' conventions, trustees conventions; or have you placed displays at any centres where teachers or administrators may inspect it; because, as I say, their ingenuity would surprise you. I am thinking of some uses they have made of certain of these materials. It would almost defy one's imagination when one considers just what use they have made of them. My question is, have you ever put materials of this kind on display? I have in mind this that you are going to dispose of this at scrap prices, and of course the information supplied by the army—I have it somewhere here—they have disposed of scrap for a matter of about two cents a pound, and I hardly need to say that it could be put to educational uses that would mean more to us than disposing of it as scrap in that way. It all has educational value. Will you answer my question as to the display of this material?—A. Mr. Shaw, asked the question, has the corporation put on any display of this material categorized as scrap for exhibition to teachers and people who are concerned with educational institutions. The answer is, no.

Q. Well then, with regard to that answer, Mr. Chairman, I must say that it is high time War Assets were giving some consideration to the matter. I happen to know what we have in some of these storage depots. I have just come back from Alberta where we have one of those storage depots there at Bowden. If I was asked one question I was asked about twenty-five in the past week; what disposition is War Assets going to make of what they have stored in this depot, and what action have they taken to make this material available for educational purposes; so far as we can find out it is going to be disposed of as scrap; why don't they let the educational bodies have information with respect to this material. And I might add, Mr. Chairman, why does not War Assets Corporation give out some information to educational authorities and others interested as to just what they mean by the term "scrap" as it applies to this equipment and material? It seems to me that the only way that we can do it practically is to have demonstrations put on at appropriate times and in appropriate places. I would like to see this committee recommend that that be done.—A. Mr. Shaw, to make my answer quite clear, and in extension of the answer which I have just given, it has to be understood that the practice, such as you suggest, if carried out by the corporation, would mean two things: one, it would mean that the corporation undertakes to make use, within each province, shall we say, of some central place for demonstration purposes, either for a long period of time or for a short period of time. Consequently, it might mean, that in order to



make available to educational representatives across Canada an equal opportunity of seeing examples of the types of scrap available under this policy, it might mean that the corporation would require to undertake to move certain equipment and material of this nature from one part of the country to another for demonstration purposes.

*By Mr. Shaw:*

Q. But that would not be an insurmountable obstacle or a costly one either. They are doing quite a bit of moving, and I cannot see that it constitutes any obstacle at all. Your educational bodies would cooperate in providing space, I am sure. Take for example our own technical school at Calgary. That is an admirable location for a display, I should say.—A. To my present knowledge, it would mean consideration of further policy on the part of the corporation in respect to educational institutions, under this policy of indefinite loans; and as a policy matter—I am making no excuse here, but just an explanation—as a policy matter, that would come under the jurisdiction of our president, not under my jurisdiction.

Q. I am sure that Mr. Berry will read the evidence of today's meeting; but I suggest that this policy of War Assets Corporation cannot be so rigid that it would be impossible to change it. I take very strong exception to the present policy with respect to educational bodies, and I trust that you will convey to Mr. Berry that it is high time we had a change in policy.

Mr. McILRAITH: There is one point I want to make clear. I understand from your questioning that you suggest that War Assets Corporation should go into the business of setting up and putting on exhibits of materials which would be given away upon indefinite loan to educational institutions. Is that right?

Mr. MCGREGOR: If you are going to set up exhibits, the department should let the educational departments know where this material is located.

Mr. McILRAITH: War Assets Corporation is in constant touch with the educational institutions. There is an educational officer in the department.

Mr. SHAW: I think, probably, the policy has not been such to date that he thinks he should take the initiative. I suggest that this is just the thing that educationists would want because they say to me—only last week I was back home, and they said—"We think of scrap only in terms of what we see in the junk yards."

Mr. McILRAITH: They have been discussing scrap in a much more specific way than that, such as aeroplane engines for technical schools, and that sort of thing.

Mr. SHAW: That is true as to a portion of it, but not to a lot of it, such as at Bowden airport. I would like to turn to page 348 of the evidence of our proceedings where we have a statement which was submitted by the airforce. The airforce have coded their assets, and I find code "E" on page 348, scrap code "E". That is what we are talking about at the present time. Now, I move over to code "D", on page 349, surplus repairable equipment, code "D". This material is not categorized as scrap and it is not made available upon indefinite loan. I would point out that those two groups of materials are so close together that a lot of group "D" material is bound to find its way into the scrap heap, sooner or later. Now, what happens, according to this statement on page 349 with respect to surplus repairable equipment is:—

From time to time R.C.A.F. depots and units will submit lists of code "D" equipment to be applied against this blanket declaration, direct to the appropriate regional supply office of W.A.C. and will send an additional copy of the list to R.C.A.F. Maintenance Command, H.Q.

The regional supply office will have the surplus inspected and prepare availability reports for submission to the merchandising department in accordance with established procedure.

I dare say, if the facts were known, it has taken six months to handle some of this code "D" equipment. There is a lot of it for which they might receive but a few hundred dollars. There is a vast amount of material which is not yet scrapped but is being held for several months at expense, and then it will have to be scrapped. I submit that when these educational representatives come in to inspect group "E" equipment, they should also inspect group "D" material and take out of it what they require for educational purposes. I dare say that some of our losses have been heavy in connection with the latter equipment. It is still valuable, but it is not readily saleable, and is held for months before being scrapped.

I suggest that Mr. J. H. Ross, in Alberta, when he goes to inspect group "E" material, also inspect code "D" equipment.

Mr. GOLDING: You speak of providing Mr. Ross with an opportunity of making such examinations. Are they willing to pay the freight on this scrap?

Mr. McILRAITH: No. They have been fighting about it.

Mr. SHAW: I dare say that the fight has arisen over the fact that you have centralized this equipment. I happen to know from educational bodies, that they have been offered certain equipment which is stored at a central depot. The claim is that a lot of such equipment has been moved into that central storage depot from some considerable distance. How much more equipment is still to be declared as surplus and placed in those central storage depots, I do not know; but I think there ought to be a policy of regional storage. Then it would not cost too much to get the material back to the educational bodies which require it.

Mr. McILRAITH: The fact is this: the educational bodies are expected to pay the freight on the equipment which is given to them for nothing. They have been refusing to do so in some cases. That is the whole point.

*By Mr. Smith:*

Q. I have some questions about scrap, if I may be permitted to get into this scrap. My question follows exactly what Mr. Shaw has been discussing. As I understand it, the rule is that nothing is given to educational institutions except material which has been declared scrap, which means that it is non-saleable.—A. Yes. Nothing is given free to educational institutions except material which has been declared scrap; it is quite clear that they can buy things.

Q. Given on indefinite loan, to take Mr. McIlraith's words that he used when he interpreted it as being given for nothing. I think it probably amounts to this, when we get down to it, that an indefinite loan means that if you get something on an indefinite loan then it is yours for all practical purposes. That is an inflexible rule.

Some time ago we saw advertisements in the Ottawa papers that a great many aeroplane engines, for example, were offered for sale at ridiculously low prices. I use the word "ridiculous" in respect to the cost. For example, an engine which cost say \$10,000 was offered for sale at \$75. Don't you think that the rule should be made a little more flexible in this way: some of those engines would be of greater value to technical schools for purposes of demonstration and study and so on.

Mr. McILRAITH: They are exactly the things that were offered to the educational institutions; they are a perfect example of that type of material.



Mr. SMITH: It is not scrap because it has a sale value fixed upon it. I ask Mr. Low, would it not be infinitely better to turn some things like that over to those institutions upon indefinite loan, because, when we sell them for \$75, we do not even pay for the advertisement. There is no revenue in it. My thought was that the rule might be made a little less rigid in order to assist educational institutions, as Mr. Shaw says. May I remind you about my question which has not yet been answered—I have been away—and I was to be supplied with a list of equipment that went on those engines. It was read at the meeting, such things as magnetoes, and superchargers and so on.

The CHAIRMAN: The list has already been tabled and you will find it in your minutes.

Mr. SMITH: I had better start back on my Sunday reading.

The WITNESS: Apropos of the engines, I have tried to gather together for my answer the points of the discussion that have been relevant to the point raised. These self same engines have been made available upon indefinite loan to educational institutions across the country.

*By Mr. Smith:*

Q. Then the rule is not as you stated.—A. Let me amplify. Those engines have been available to educational institutions upon the policy of indefinite loan, right from the beginning; but it has been found, one, that we have a great number of engines; and two, that the schools, particularly the schools, have found it difficult to pay the freight charges. That is to say, in many cases, the technical schools or the high schools particularly in our prairie provinces, as well as in the maritimes, have desired to obtain these engines, but the freight charges, because of the weight of the engines, have been a little too high for them. As a consequence, we have now found, within the past month or two, that we have a great many engines to dispose of, in which the schools are not interested, either because the freight charges are too heavy for them or because they could not find accommodation for the engines within their physical set-up. Therefore, the corporation has gone ahead and offered those engines at a fixed price in order to get rid of them.

You will see, in appendix "E" which I submitted in the previous brief, the limited disposal of these aero engines to educational institutions upon indefinite loan. That reflects the difficulty I have referred to.

Q. Then your rule is not as you explained a moment ago, that only scrap was offered to educational institutions.—A. The rule is such that at the time that these aero engines were available to educational institutions upon indefinite loan, they could be considered as scrap. They are being sold, I take it, at a fixed price, at scrap value. I take it that this price for which they are advertised is scrap value.

Q. I compliment you upon your ingenuity, but the rule still goes.

Mr. McILRAITH: There is one point I would like to clear up. In appendix "C" of your evidence of an earlier day, I find the expression, governing the type of goods made available to educational institutions upon indefinite loan: "Not commercially saleable."

*By Mr. Shaw:*

Q. The witness uses the word "scrap" in his own brief. If the thing is not commercially saleable, then it is scrap.—A. Let me explain the distinction in this way. Appendix "C" was prepared on August 22 1945, and the statement was made at that time that the material which was non-commercially saleable would be made available upon indefinite loan.



Mr. McILRAITH: That is right.

The WITNESS: But the brief which I presented in June of this year reflects the policy: that all material must be categorized as scrap before it is made available to educational institutions under the policy of indefinite loan.

Mr. SMITH: The policy was made tighter rather than more flexible.

Mr. McILRAITH: There is another thing that may be helpful to the committee. There was a question asked by Mr. Fraser which appears in *Votes and Proceedings*, No. 20 at page 2, where there is a list of sales made to educational institutions, sales not indefinite loans, showing up to the end of March of this year some \$2,347,000. It is true that a great part of that is in connection with vocational training programs, but it may be helpful to the committee in showing just what is being sold to educational institutions.

In addition, there is another order for returns made by Mr. Knowles. I am sorry, that is not the one I had in mind. But there is another one asked by Mr. Fraser, showing the list of institutions in Ontario. His question was limited to Ontario, and to such institutions as obtained goods upon indefinite loan. It is a rather extensive list and it gives the names of the institutions who purchased from War Assets. Those answers will probably give a better picture of what has happened and what is happening. Unfortunately it is limited only to Ontario.

Mr. SHAW: I would like to emphasize that we fully appreciate that educational bodies have received certain materials; but my major concern is this: you have a lot of group "D" equipment which may have a sale value but it is not readily saleable. Later it is going to be categorized as scrap. I have reason to be certain that that has been done to quite an extensive degree. With respect to those engines, we have sold some of them for from \$15 to \$75, for example, engines at Bowden.

War Assets Corporation is vitally concerned about putting out a dollar to ship one of these engines for educational value; yet War Assets Corporation has a staff of men out there and have had them there for months guarding this equipment. I do not know whether they polish it or not; but it is costing a lot of money and is costing far more than \$15 or \$75 per engine because I know what you are paying those men today to do that as well as other things; but that is their major task. And you are going to pay out more money by holding this stuff than you would if you piled it on to flat cars and sent it off to educational institutions that want it, but cannot pay the freight. Some day I am going to ask about these points, of watching over and guarding such equipment at Bowden.

Mr. McILRAITH: Would you have the War Assets Corporation pay the freight upon goods sent upon indefinite loan? You say it would be cheaper in the long run?

Mr. SHAW: I say that if you have commodities which educational institutions want but cannot afford to pay the freight upon—a lot of them are in exactly that position—I think that War Assets Corporation should pay the freight and thereby save themselves a lot of money. You will never sell a Rolls Royce engine to anybody unless some fool wants to try to build an aeroplane in his own backyard, then try to fly the thing.

*By Mr. Murphy:*

Q. Regarding the engines sent upon indefinite loan to those institutions, is it against your policy for an educational institution, let us say, to use such equipment and then sell any part of it?—A. Mr. Murphy, our policy is that the engine is made available under the policy of indefinite loan for instruction, demonstration, and lecturing, for class room use, but not for resale.

Q. But would you have any objection in establishing a policy to overcome Mr. Shaw's point, whereby War Assets Corporation would make this equipment

available, freight free, and that the institutions might be permitted to sell some of this equipment after they have used it in order to pay the expressage and other expenses such as freight, whatever the costs may be?—A. Our policy is as I have indicated, and, to my personal knowledge, at no time has it been indicated to me that the educational institutions are interested in any way in the resale of this material.

Q. Would you have any objection to their selling it?—A. Our policy would not permit that at the present time.

*By Mr. Stewart:*

Q. Have any requests come in for aeroplane engines from educational institutions?—A. Yes; according to appendix "F", there is shown the total sales of aero engines in the different provinces.

*By Mr. McIlraith:*

Q. You use the word "sales"?—A. I have used the terminology of the policy. We sell everything in War Assets Corporation. Even though it is upon an indefinite loan, we still make a sale. When you ask for requests, I should amplify my statement in appendix "F" by stating, that there is no educational institution in Canada, to my knowledge at the present time, that would like to obtain an aero engine and get it by paying the freight, under the policy of indefinite loan, that has not got an engine. If there is such an institution, any such educational institution, then, if their need is made known to us, we will see to it that they get their engine immediately.

*By Mr. Shaw:*

Q. But they would have to pay the freight.—A. Yes, they would have to pay the freight as always.

Q. And the freight would have to be paid from the location of the engine. That is also important, Mr. Chairman, because I still repeat: that some of this material has been moved a far greater distance to storage depots than if it had been moved to educational institutions in the first place.

Mr. PROBE: In the discussion thus far, it seems to me that when we are discussing scrap, according to the terminology of War Assets Corporation, actually we have material which is actually categorized as scrap and, coming ultimately into that category, we have equipment which might be categorized as non-standard equipment, in that, while it may have a function at the moment, yet if it is not disposed of soon, if it is stored and kept for an indefinite period, it will ultimately be processed as scrap. I think that part of the trouble of getting a quick disposal of this material by War Assets Corporation has been and will be due to the fact that they lack one small additional department. They should have some technical or research department. Not necessarily to make displays for schools, although that idea is an excellent one, but who might have taken these various categories of equipment, particularly the scrap and non-standard type of equipment which will ultimately be scrapped, and attempt to find new uses for it, let us say social uses for it. And while Mr. Low could alter that policy of getting a more careful screening of this material from the point of view of alternative uses, it seems to me that some consideration might have been given to that aspect of it, and that was one point where War Assets might have changed its policy and might have adopted a policy of trying to make alternative use of these materials which ultimately are going to have no value. I suppose Mr. Low would be prepared to tell us whether or not the non-standard type of equipment is available to schools on indefinite loan; I presume that is not the case at the moment. —A. Within the policy



of classification of War Assets Corporation non-standard material is not available under the policy of indefinite loan to educational institutions unless that non-standard material is classified as scrap.

Q. Of course, I was thinking of it as being scrap under the policy of scrapping in the matter of reclassification of such material from now on.—A. Well, Mr. Probe, let me say that it would not be classified as scrap at the present time, and that being so it is not available.

Q. I recall for example photographs which appeared in some of the western papers of watches that were given the blow torch treatment, not because they had not some use perhaps, but because they were many of them of a type which did not come within the standard category, and apparently it would be difficult to get parts and repair them, and they were reduced to scrap by very virtue of the fact that they were non-standard and that was done I submit by the air force, and we are perhaps going to have more of that as time goes on; and that is why I feel why War Assets might have some more authentic staff working out alternative uses for equipment of which a certain type exists in very limited quantities and for which there are no replacement parts with which to repair them under the present manufacturing set-up, and none are being made available. I suppose Mr. Low would not be in a position to recommend that non-standard materials be included in the lending category to educational institutions?—A. As I stated before, Mr. Berry made it quite clear last week that in respect to policy he has jurisdiction.

*By Mr. Golding:*

Q. Mr. Chairman, might I ask the witness in regard to these engines; you have certain depots where you bring them for resale and that sort of thing; say for instance for the western provinces, where is the depot at which you concentrate these engines for disposal?—A. I think, Mr. Golding, to make the record quite clear, as has been explained at an earlier meeting, in most instances it has not been the corporation that has stored these engines at any particular place, they have been located there by the declaring department prior to their declaration.

Q. Yes.—A. As to the western provinces, to my own knowledge, they will be located in the custody of the War Assets Corporation at various points within the different provinces.

Q. I see, and would they be brought from outlying points involving considerable expenditures in bringing them to a central depot?—A. By the declaring department that is quite possible, when they were brought there originally from the point at which they were located to what you refer to as the central depot.

*By Mr. Shaw:*

Q. I should like to ask Mr. Low a question but it may not be a completely fair one, because I was going to ask him if he would express his personal opinion. Mr. Low, do you feel that if code "E" equipment, which was referred to in the return, were made available to educational institutions—

Mr. PROBE: By that you mean non-standard equipment?

Mr. SHAW: I do not know what you mean by that term, it might apply—if the educational representative were permitted to come in and pick out what he wanted of that equipment it might be made available to educational institutions. As I say, I realize I am asking Mr. Low to express a personal opinion, and he may not feel like answering.—A. As I understand it, what you are asking me, do I believe if code (e) equipment were made available under the policy of indefinite loan would the schools take it? If you ask me that I would say yes; personally. But in so far as you asked me the other question I would prefer not to answer it.



Q. I appreciate your position. Well, Mr. Chairman, I am now going to refer to something which Mr. Probe brought up when he referred to the letter of the Canada-Newfoundland Association which appears at page 368 of the evidence, and the very generous proposition which they made on behalf of the departments of education throughout Canada to the War Assets Corporation, but which while stated by Mr. Berry not to work very well has never been permitted to work. Mr. Probe quoted from page 368 of the evidence, from the letter he received from the Canada-Newfoundland Educational Association in which he said:

Up to the present education has been thwarted in its efforts to secure instructional equipment on indefinite loan by the rigidity of the regulations of War Assets Corporation. Although members of the government and of the House, like members of this committee, have been favourably disposed to the request of education, it would appear that the President of War Assets Corporation has power to veto any proposal at variance with the policy that anything commercially saleable must be disposed of by sale on a strictly business basis.

Then Mr. Berry answered on page 369:

I see no reason why the arrangement outlined by the Canada-Newfoundland Education Association should not work pretty well, provided it is confined to our present policy of giving on indefinite loan those items which are not commercially saleable; but I could not under our present policy make available items such as they have listed in the following paragraph which you have read into the record, such as typewriters—which are commercially saleable items.

I should like to ask Mr. Low if consideration has ever been given by the corporation to the appointment of a Canada-Newfoundland Education Association as a dealer of the granting to the association a commission for services rendered, let us say, in disposing of equipment to our educational bodies; has their appointment as a dealer and giving them a commission for let us say services rendered to the country been considered?—A. Consideration to the application of the Canada-Newfoundland Education Association in respect to the matter raised has been given and refused.

Q. The corporation then I understand has given consideration to this and has refused to appoint them as dealers?—A. Yes.

Q. Are you in a position to tell us why they refused them?—A. No.

Q. I think it is one of the most generous offers of which I have ever read, that they should act as the coordinating body. I wonder, Mr. Low, if under established policy it is not the practice of the corporation to appoint dealers? Has the corporation not appointed dealers and paid them commissions as dealers to assist in the disposal of certain of their surpluses?—A. That is outside of my field a little at the present time, and I would rather that it was considered a question of policy over which I have no jurisdiction.

Q. Then, just to keep the record clear, I would say that they have appointed dealers and they are paying them commissions.

Mr. McILRAITH: What dealers?

Mr. SHAW: Am I not correct in saying that they do that in respect to certain machine tool dealers, did not certain new ones come into existence in order to assist War Assets in the disposal of machine tools?

Mr. McILRAITH: What commissions are they paid?

Mr. SHAW: About 40 per cent; if I said that would I be right?

Mr. McILRAITH: You would be wrong.

Mr. SHAW: But they get a dealer's price?

Mr. McILRAITH: Again you are wrong, they get no commission.

Mr. SHAW: Well then, what do they get? What do you call it?

Mr. McILRAITH: The only commissions being paid so far as we know are one or two very small ones on real estate sales and a few ships, not generally on ships but on particular sales; and one or two things like that, it is very, very limited.

Mr. SHAW: You find a difference between the price they pay to the corporation and the price they sell them for. You might possibly get at it in that way.

Mr. GOLDING: We are not dealing with that here. We should stick to the matter now before the committee.

Mr. SHAW: I will try to confine my remarks to the matter of assistance to educational institutions then.

Mr. McILRAITH: These people are seeking to buy at the same price as other people and to get a commission in addition. As I understand the proposition they say that they should be paid a commission by the corporation.

Mr. SHAW: No, no; I do not want to use that word commission as applied to educational institutions; it was rather suggested that they be permitted to secure these commodities at a discount.

Mr. McILRAITH: And sell at the regular price; and is that what it should be?

Mr. SHAW: If the Canada-Newfoundland Education Association agrees on behalf of the departments of education to take from War Assets all the equipment suitable for educational purposes and is prepared to distribute it, I certainly think they should be given some consideration for the service they are rendering to the corporation.

Mr. PROBE: I support what Mr. Shaw says. There is no question about the fact but that dealers who buy from the War Assets Corporation are recognized by War Assets as performing a function, distribution and administration which is recognized in terms of a special price. We can get around the commission end of it.

Mr. SHAW: And call it a discount.

Mr. PROBE: Yes. What Mr. Shaw suggests and what I am talking about now is that for a service identical to that which it is suggested this association may perform dealers now get special prices in consideration of the service which they render in the sale of these commodities. That has been said here many times.

Mr. McILRAITH: Would that apply to gross sales? To what type of materials would it apply?

Mr. PROBE: Machine tools, they were mentioned, and I think it is true in that case, and pretty generally also in respect to all commodities which have a resale value; and for that reason it seems to me that the request made by Mr. Shaw is perfectly in order, that the Canada-Newfoundland Education Association be recognized in exactly the same way as other dealers from that point of view, and more particularly with respect to commercially saleable materials which can be used by schools, that they receive the price the dealers would normally get and that they perform the function of a dealer in so far as the purchases are concerned, and the distribution of those commodities to the affiliated bodies. They are going to have considerable expenses in connection with seeing that this is ladled out to the various provincial school bodies and the municipal school authorities. And there is another reason to support the proposal, that is the fact that that practice is established in the United States at

the present time. I think I mentioned that on a previous occasion that the United States gives the educational authorities—that is the United States Surplus Assets Corporation—a forty per cent discount over the lowest going price.

The CHAIRMAN: Does the United States give it to any one central organization?

Mr. PROBE: Not according to the information I have here which is that any educational institution is entitled to a 40 per cent discount of the lowest recognized tender, or of the acceptable market price. That performs the same function in the United States that Mr. Shaw and others of us here who are interested are asking that the committee recommend on behalf of educational institutions in Canada through the medium of the C.N.E.A. I recognize of course that that is a matter of policy which we will have to take up with the President of War Assets Corporation, but I feel that it is a legitimate request.

Mr. SMITH: You are recommending that they receive a discount for commission on saleable goods?

Mr. PROBE: Yes.

Mr. SMITH: I do not want the question I asked a moment ago to be forgotten. I believe you, Mr. Chairman, gave me the reference to the question but on looking back I am not able to find where the answer has been filed. I hope it will not be lost sight of and the answer will appear in due course.

The CHAIRMAN: The clerk has a note of it, and I felt reasonably sure that the reply had been received, but in any case we will not lose sight of it.

Mr. SHAW: Mr. Chairman, I do not want to pursue this matter too long, but I do wish to emphasize that I feel that two changes in policy ought to be brought about, and to that end I propose now to make two specific recommendations:—

1. That the policy of War Assets Corporation be extended in such a way and to such an extent that all equipment not readily saleable, can be inspected by the official educational representative in order that he may determine its educational value and that all such materials be disposed of forthwith.

And,

2. That the Canada-Newfoundland Educational Association which has the support and backing of all provinces be recognized as the official dealer and that it be granted a dealer's discount for services which it will thus render.

I am making these two recommendations, Mr. Chairman, and I do it after giving considerable thought and study to all that has gone before, and without losing sight of the fact that I believe I have a pretty clear picture of the problem facing War Assets, and I have in mind the national interest when I make these two recommendations. Let me repeat what I said before; when it came to the matter of the disposal of certain industrial enterprises the dollars received was not wholly the main thing considered, consideration was also given to the part that those properties would play in the interest of the community and the nation. On the other hand, when we come to educational institutions it seems to be the dollar that is the governing factor.

Mr. McLLRAITH: How can you say that when so many of them have obtained so much material for nothing? I am completely in accord with the suggestions for a change in policy, but suggest that nothing has been done—

Mr. SHAW: I do not think I used that term in the way in which you suggest.

Mr. McLLRAITH: You said the dollar sign as applied particularly to educational institutions. How can you say that when, as I say, so many of them have received so much without charge?



Mr. SHAW: Yes, that is true Mr. McIlraith, but when you have in mind the value of that scrap which is made available on indefinite loan which would bring the War Assets Corporation very small sums of money when viewed in the light of the complete operations of the corporation. But you will recall that when we had the army people here they told us about the sale of some 20,000,000 pounds of scrap for about five cents, forgetting the 80,000 articles which they had not included in the five cent per pound—that is what brings it down to a couple of cents a pound—certain of these things are of inestimable value in the educational field.

Mr. McILRAITH: Don't minimize what they have received.

Mr. SHAW: I said earlier that I was not minimizing that at all; but in relation to their requirement, the better use that could have been made of it, I say they have not had enough. I will put it that way. I say that the War Assets Corporation policy could be strengthened there, that it would benefit by the adoption of these two recommendations.

The WITNESS: Excuse me, Mr. Chairman and Mr. Shaw, would you read that first one again? Do you mean by the first one of these, material and equipment which is not readily saleable should be placed under the policy of indefinite loan?

Mr. SHAW: Quite right, that is exactly what I mean in so far as the air force declaration is concerned. I am speaking especially of code (e) equipment which may be classed as scrap but which may be presumed to have some sale value.

Mr. McILRAITH: Get the application of the second recommendation there; I take it that the second recommendation deals with purchases at a discount, or whatever phrase you care to use.

Mr. SHAW: That is right.

Mr. McILRAITH: Do you include machine tools which are in desperately short supply at the moment, that they should be given to educational institutions instead of to industry?

Mr. SHAW: You told me, for instance, that you had no machine tools.

Mr. McILRAITH: Oh, you intend it to apply to code (e) only?

Mr. SHAW: Yes, I am tying it in with code (e) equipment. The army and other branches of the service I presume serve in somewhat the same way.

The WITNESS: Let me get this clear about the code (e) equipment, and I am putting this for your clarification; if I have the matter clearly in my mind you mean in your second recommendation there that the C.N.E.A. is to act as a dealer and to receive dealer prices for services rendered; do you mean that the C.N.E.A. should get into the whole field of purchasing, not necessarily restricting it to code (e)?

Mr. SHAW: I would say any field in which they want to buy.

The WITNESS: So that is what you mean?

Mr. SHAW: Yes. But I realize that you must bear in mind at times that there are certain commodities for which there is an urgent need in the field of general production. There has to be a certain amount of discretion exercised in connection with this thing; and certainly my two recommendations would need to be laid down when you consider that policy with a certain amount of clarification. I realize that.

Mr. PROBE: I support what Mr. Shaw has proposed for the committee to consider as a recommendation to the War Assets Corporation. As a matter of fact, I have a letter here which I want considered along this line without changing the recommendations. I would like first of all before this is considered if Mr. Shaw would permit me to place it before the committee just to amplify the

point a little and to make an additional recommendation to be considered along with the others. My suggestion deals particularly with typewriters. We have had information from the president of the War Assets Corporation, it has been put in evidence here a number of times, that the King's Printer has priority on all surplus typewriters. And now, knowing that there have not been declared surpluses of typewriters used in war work, they are going to be so declared, thousands of them. Some of them are going to be disposed of to the King's Printer, undoubtedly, because of the heavy demands of government departments. They are going to use a lot of them but undoubtedly there will be a lot of others that are in such a state of repair that the King's Printer will have no use for them. Take for instance in my own city of Regina, some of that material has already been sold as scrap; some typewriters have been sold as scrap because of their state of repair. Now then, might I ask Mr. Low first of all, have any typewriters gone to schools under any policy let us say by way of indefinite loan or by way of sale through the War Assets Corporation?

The WITNESS: To my knowledge, Mr. Chairman and Mr. Probe, the answer is no.

Mr. PROBE: Well then, has any group of typewriters come into the possession of the educational section of the War Assets Corporation which have been considered to be unserviceable by the King's Printer?

The WITNESS: No.

Mr. PROBE: I feel quite certain that we still will have thousands of these typewriters coming into the possession of the War Assets Corporation, and commercial schools especially can use this type of machine. There is no use in saying that the best thing is to get these machines on the market because it is unquestionably true that the schools of Canada should now have 25,000 typewriters; and some may say that is going to mean a lot of business especially to the typewriter companies, but I suggest they are going to get that business anyway. I realize that the King's Printer is going to take all of the first class typewriters, but I anticipate that the King's Printer is not going to be interested in typewriters which fall below a definite standard of efficiency, and that those will go as scrap being sold to junk dealers; and I suggest that those may serve a desirable social purpose if they are placed in the hands let us say of educational institutions. While I support what Mr. Shaw has said in the first two recommendations I feel that we in this committee should make a recommendation to the War Assets Corporation about typewriters that fall into that class of not being up to standard but still being too good to classify as junk, so that they might get into the hands of educational authorities under this policy of indefinite loan.

Mr. HOMUTH: Wouldn't that depend entirely on conditions? Why do we not allot educational institutions typewriters that are working, rather than those that are in such a desperate state of disrepair?

Mr. PROBE: I would say in answer to Mr. Homuth that I appreciate the practical view he has expressed, but there is a range of equipment that when you are trying to run a department efficiently—the departments require a certain standard of equipment, and that is the type in which the King's Printer is interested. And then there is that equipment which while not really up to proper standard is still usable, can still be repaired and put to work. That is the range of equipment about which I am speaking, and that is the type which can be used for the time being in these schools. And you will appreciate that for people learning to typewrite the machines do not have to be mechanically perfect, and many of the schools would be prepared to but the type of machines to which I am referring and pay a typewriter mechanic to put them in good order. I think we are missing a big point there if we do not stress before the President of the War Assets Corporation the educational value of equipment which is going to get into the hands of dealers who will likely scrap it and in

that way ultimately take it off the market. I know someone suggests we are interfering with trade channels. Personally I think the more typewriters we get to the schools the more the ultimate benefit will be, not only to the individuals learning but also to the dealers.

*By Mr. Homuth:*

Q. May I ask Mr. Low this question? Are there three classifications of typewriters? Are there those that are in perfect condition, those which are in need of a little repair, and a third group which you would classify directly as scrap, or, are there two types?—A. I am not able to answer your question in relation to typewriters specifically, but I can say that the policy of classification within the War Assets Corporation is that there is one type of material-equipment which is readily saleable; and two, a type of material-equipment which is not standard and not readily saleable; and, three, there is further material-equipment which is scrap.

Q. We are talking about typewriters, not non-standard. Are there three classes of typewriters within War Assets; first, the good typewriter; second, the middle class which can be repaired; and third, the class which is scrapped?—A. I do not know, Mr. Homuth.

Mr. COTE: If the typewriting is over I should like to refer—

Mr. MCGREGOR: Typewriting is not over.

Mr. COTE: I wish to refer to the recommendation made by Mr. Shaw a few moments ago. While I am not personally as outstanding an authority as he is in educational matters I am not satisfied yet after having studied the amount of equipment, etc., appearing in appendix F which was submitted by the witness on June 20, that the needs of the educational institutions are much beyond what they have actually received. I have added up the amounts of supplies that have been given on indefinite loan, and I would like the committee to give consideration to the amount which has already been received on indefinite loan by the institutions. For instance, a total of fifteen aircraft complete have been given away on that basis; 150 aero engines, 10,021 aircraft instruments; 346 electric motors, 15,012 transmitter and receiver sets, 2,768 single purpose machine tools; 5 fairmiles and 5 carriers—Bren gun, complete. My point is this, before advocating any change in the policy of the corporation, I think we should consider that the present policy has produced very substantial results as up to the end of April, 1946. Before advocating any change of policy I think we should consider very carefully whether it would produce any substantial results beyond what can already be obtained through the actual policy being followed by the War Assets Corporation. I am not yet convinced that we would get very far with these two recommendations even if they were implemented, because I am not aware that the need exists, or as to how much further they would require, or that it could be obtained better under such a policy as is now being advocated.

Mr. MARIER: Is the volume of goods that have already been made available to educational institutions indicated at any place in the record.

Mr. McILRAITH: They are in the appendix referred to.

Mr. MARIER: They are given there?

Mr. McILRAITH: Yes.

Mr. MARIER: And I understand with respect to saleable goods they have the benefit of certain priorities?

Mr. McILRAITH: They exercise their priorities as educational institutions through the priority which belongs to the provincial governments and the provincial departments of education.



*By Mr. Shaw:*

Q. In the case of the typewriters which were mentioned a few moments ago, they can buy all the typewriters that the corporation may have available for sale?—A. To my knowledge the situation in respect to typewriters is, one, that the Secretary of State, the King's Printer, has taken all the typewriters which are of the nature to suit his requirements because demands to date have been greater by far than the supply; two, as to typewriters which he does not take, I do not know what happens to them—with those that have been declared surplus.

Q. Then these schools would have a priority on typewriters declared to the corporation?—A. Yes.

Mr. SHAW: Just an observation with respect to Mr. Probe's statement, if it were possible for us to secure a list—I know it is a tremendous task, and that is why I hesitate to ask it—but if we were supplied with a list of goods that were categorized as surplus, rather available equipment, and then knew how much of that was ultimately scrapped after having gone through all the processes enumerated on page 349, we would have a clear and concise picture of what we might have used for educational purposes if we had not scrapped it. One of my extreme concerns is with respect to this repairable equipment which ultimately finds its way into the scrap pile yet which may have educational value, and I say that experience shows that ultimately we have a lot of this repairable equipment going back into the scrap pile, and then I say a change in policy should be made so that it could be made available to educational institutions on indefinite loan instead of letting it drift into the scrap pile. I do not want at all to minimize the fact that educational institutions have already received quantities of supplies. I wish they could get a lot more, and there is a lot more they should have.

Mr. COTE: I am quite ready to admit that any surplus war material has in itself some educational value and that probably it could be used for educational purposes, but it is another matter when you deal with the disposal of this equipment through a corporation such as has been set up for that purpose; to decide whether it is practical and whether in the viewpoint of the corporation, and as well of the educational institutions, it would be desirable to enlarge the policy which has already been laid down.

Mr. SHAW: My contention is that we should arrange certain displays of all of this material, particularly scrap—I would include the repairable equipment—then the educational bodies would know exactly what we mean by the term "scrap". Very few of them have any idea of what the precise category "scrap" means. I say once again, educational institutions look upon scrap as being something such as one would see in a junk pile in the backyard. We know that scrap is a specific classification used by the War Assets Corporation. I come back once again for example to Penhold. I would like to forget Penhold, but just think what could have happened if the educational representative had been permitted to go into Penhold before the R.C.A.F. went wild in there. Look at the good that could have resulted. Instead of selling the scrap at Lethbridge for a matter of two cents a pound, such a visit by the educational representative might have resulted in a very substantial benefit. It is for the purpose of offsetting anything of that kind that I make these recommendations.

*By Mr. Golding:*

Q. Have you had many applications from educational organizations for equipment of the various kinds that have been under consideration here?—A. The applications from educational institutions across Canada for the purchase of equipment-material—rather I should say for the securing of equipment-material under the policy of indefinite loan or by purchase would fill many files.

Q. Have they been met, or filled; what is the situation?—A. They have not

all been met, because, first, if they want to buy it in many instances it has not been available for sale; or, two, in most cases they ask for equipment-material which is not available under our policy of indefinite loan.

Mr. COTE: But what about the case where equipment is available for sale?

The WITNESS: If they ask for equipment that is available through purchase at the current market price they can get it in accordance with the priority policy.

Mr. PROBE: I would just like to remind members of the committee of the first sentence of that memorandum which I received from the Canada-Newfoundland Education Association. It says, "up to the present education has been thwarted in its efforts to secure instructional equipment on indefinite loan by the rigidity of the regulations of War Assets Corporation." What Mr. Shaw is trying to do, and what I have hoped we would do, I have stated in a letter which I expect the chairman to read to you; that is to relax those regulations sufficiently on non-standard equipment which is going to be stored indefinitely—because the trade is not going to rush to get it—will find its way to the educational institutions desiring it, into the hands of the universities, colleges and schools. Let us take machine tools, for instance, small machine tools; these are undoubtedly of very great value for instructional purposes, and when used in that way they certainly have direct and considerable advantages to the trade generally through the training of young people who are going into industry and using tools of that kind. I think that is the principle which is recognized even in the trade itself, and that it is just as important that the educational authorities should receive a discount as for the trade itself to get one. I think one thing that must be kept in mind by our committee in respect to education is that the schools themselves do a job for the trade in educational training which has been partially recognized by the fact that the Department of Labour has secured a large number of tools to be used by vocational training schools for the training of veterans. And now, all that we are asking here is an extension of that principle to aid in the training of boys from fourteen to eighteen—and of girls of comparable age groups also—so that they may be able to receive the benefit of training on machines they are going to use later in industrial processes, machines that are going at sacrifice prices—because they are going cheaply—and the adoption of a policy which is recognized, as I say, in the United States in the giving to schools of a discount, and we ask that that be applied here as well.

Mr. McILRAITH: There is one point there, to which letter from the Association do you refer?

Mr. PROBE: I refer to the letter of February, 1946.

Mr. McILRAITH: That is Mr. Phillip's memorandum?

Mr. PROBE: I quoted the first sentence from that memorandum.

Mr. McILRAITH: That dealt with this first point, the one dealing with the fact that they were not getting anything on indefinite loan through that Association. It was being done directly through the educational institutions.

Mr. PROBE: I did not know they were asking that that indefinite loan be put solely through the C.N.E.A.

The CHAIRMAN: I would like to have that point made clear to my satisfaction. It seems to me, Mr. Shaw, that you made a fairly definite recommendation, particularly your second recommendation—

Mr. SHAW: May I read you the first one?

The CHAIRMAN: No, if you would read the second one please.

Mr. SHAW: If you don't mind, Mr. Chairman, I will read the first one first and then you will have it clear:—

1. That the policy of War Assets Corporation be extended in such a way and to such an extent that all equipment not readily saleable, can be



inspected by the official educational representative in order that he may determine its educational value and that all such materials be disposed of forthwith.

And,

2. That the Canada-Newfoundland Education Association which has the support and backing of all provinces be recognized as the official dealer and that it be granted a dealer's discount for services which it will thus render.

The CHAIRMAN: That was the point raised by Mr. McIlraith, and that is also what I wanted to have clear in my own mind. You are asking War Assets Corporation to deal with this one organization as a clearing house for disposal and resale of such equipment as may come into their hands?

Mr. SHAW: That the Canada-Newfoundland Education Association would be interested in. And I would not want it to be said that I am asking that they be recognized as the only dealer agency, but there is nothing to prevent them from establishing the principle as far as disposal policy is concerned.

Mr. McILRAITH: What I am trying to get at is, of what educational association would the C.N.E. be the agent?

Mr. SHAW: I would say the departments of education, and practically all the educational bodies across Canada, their affiliates. I would say that this organization has the right to be taken as representative of education across Canada.

The WITNESS: May I say as to that, that to my own knowledge the Canada-Newfoundland Education Association is the official and authorized body to speak on behalf of, and to act on behalf of educational departments across the country.

Mr. GOLDING: Mr. Chairman, I think that the committee ought to be careful in its recommendations.

Mr. CHAIRMAN: This will have to come before the steering committee.

Mr. GOLDING: Well I just want to make this point. In the first place we want clearly to understand the reference that has been made to us by the House, and, in the second place, it is not within the power of any private member or any group of private members to make a recommendation that is going to decrease revenue or to increase expenditure.

Mr. SHAW: Mr. Golding, may I just point out to you this, that it might not cause a decrease in revenue. In that connection, I would be surprised if they are not spending far more money now in guarding this material they have stored in depots; for instance, take the situation out there at Bowden, I believe I am safe in saying that they have eighteen men there guarding the property alone. There are other things, too, of which we must not lose sight. And now, in respect to our reference, I think that is something, Mr. Chairman, that ought to be cleared up. I think that is a matter which we should take up. We have been told in this committee that it is not brought before us to recommend changes in policy, that there are a lot of things we cannot do. If that is the case, why are we sitting here? Why waste our time? If we have not the right to make recommendations—I thought that was one of the purposes of our sitting.

Mr. GOLDING: Let me repeat what I said; that we must be careful in our recommendations because it is not within our power to make recommendations which will decrease revenues. And now, it may be that we may be able to establish that we are not going to decrease revenues, and if we can do that we would be actually within our authority to debate it; but if we are not able to do that, then it is not in order for us to make recommendations which would



decrease revenues. We have had committees sitting in the past who have made recommendations and passed resolutions which the Clerk of the House has had to throw out because they affected revenues or increased expenditures. That is why I say that is a point we have to consider as a committee.

Mr. PROBE: I agree with Mr. Golding, that is why I am quite willing for these recommendations to go from this committee to Mr. Berry as President of War Assets Corporation.

Mr. GOLDING: We cannot do that, our recommendations have to go to the House.

Mr. PROBE: No, I think we can make them directly to Mr. Berry.

The CHAIRMAN: I think recommendations of this committee have to be made directly to the House. We will call Mr. Berry in before the steering committee and get his views on the suggested changes in policy; but, in so far as recommendations of this committee are concerned, they would have to be made directly to the House.

Mr. HOMUTH: Might I ask a question? Has the C.N.E.A. funds available with which they could go to War Assets and buy materials? I do not know that they are set up as a purchasing body.

Mr. SHAW: It is hardly likely the C.N.E.A. would be asking for the establishment of a certain policy unless they were prepared to carry it out.

The CHAIRMAN: Have they asked for that, Mr. Shaw?

Mr. SHAW: Well, they have asked for an extension of policy.

The CHAIRMAN: Yes, for an extension of policy.

Mr. HOMUTH: I think the matter is one that ought to be cleared up.

Mr. SHAW: They say here at page 368:

The Canada and Newfoundland Education Association announced today that all provinces have given authority to its Inter-provincial Committee on War Surpluses to act on their behalf in allocating any surplus instructional equipment which may be given to the schools of Canada. The equipment will be divided among the provinces in accordance with an agreed formula by the committee as a whole, and individual members of the committee will handle the distribution to schools within their respective provinces.

Then I have some correspondence, not with me, but it is on file, indicating that they would be prepared to accept such a policy.

Mr. HOMUTH: Now, Mr. Chairman, that says that they would be given authority to allocate, but it does not say they would be given authority to purchase. I think we ought to get this cleared up. Have the C.N.E. funds available with which they could go to War Assets and exercise their provincial departments of education priorities in the purchase of goods from War Assets, and, depending upon the amount of purchases, get the discount to which any private purchaser is entitled? Supposing they go in and make a purchase on the basis of any private dealer going in to buy, would they not be entitled to the same discount as the private dealer? I think this thing ought to be cleared up.

The WITNESS: Mr. Homuth, the present policy of the War Assets Corporation does not permit the C.N.E.A. to purchase from the corporation as a private dealer.

Mr. McILRAITH: I think it would be useful to refer again to the part that was read on page 368. That same point came up the other day, and the chairman said, after the first part was read:

Would you mind reading the second last paragraph of that letter also, Mr. Probe?

To which Mr. Probe replied:—

Mr. PROBE: Yes, Mr. Chairman, it reads as follows:—But now educators are hoping for an announcement from Ottawa that instrumental equipment of real value will be distributed free to the schools through the C.N.E.A. Inter-Provincial Committee. The equipment needed includes 16 mm. motion picture projectors, typewriters and hand tools, all of which would be an inestimable boon to schools in smaller districts.

It is a question of getting free goods that are of commercial value. The whole thing is bound up in that.

Mr. HOMUTH: I am still not clear in my mind as to whether or not the C.N.E.A. have funds available through the various departments of education, through the various governments across the country with which to buy directly from War Assets, knowing full well that War Assets knows that they are not going to resell them for commercial purposes, that they are buying them for educational purposes; would they not be entitled to the same discount as private individuals?

The WITNESS: You mean as a private dealer, Mr. Homuth?

Mr. HOMUTH: As a private dealer, yes.

The WITNESS: Under the present policy no discount is given. Purchases by educational institutions are made at current market prices.

*By Mr. McGregor:*

Q. Do I understand that this association is largely responsible for educational institutions throughout the Dominion of Canada, an association that is set up to handle this thing, is going to be treated on the same basis as any private individual and not as a dealer? Is that right?—A. Under the present policy, Mr. McGregor, the C.N.E.A. can make purchases as the C.N.E.A. but not as a private dealer.

Q. Not as a dealer?—A. No.

Mr. MCGREGOR: I think that is placing a pretty narrow interpretation on the thing, that this association which represents education in Canada should be treated in this way. I think they should at least be put on the same basis as a dealer. I cannot understand why that should not be done.

Mr. MCLLRAITH: I think there is one point that should be cleared up, and that is whether they purchase supplies or not. I am not sure of the facts on that. I am under the impression that they do not purchase at all.

Mr. SHAW: Would it be possible for us to call the representatives of this association? You are not going to get it cleared up in any other way. I would like to see witnesses called from that association.

Mr. REID: I would move that such witnesses be called.

The CHAIRMAN: I think that is a very simple question to which to get the answer. Perhaps Mr. Low could tell us if we were to ask him; does the C.N.E.A. purchase supplies from you at the present time?

The WITNESS: To my personal knowledge, Mr. Chairman, no.

Mr. HOMUTH: And now, Mr. Chairman, I would like to say this, that I realize that in any policy set up by the War Assets they have to protect the general run of business, they cannot be putting things on the market without consideration of the effect such action is going to have on legitimate business. The education of our children is an entirely different thing. We all know very well that they are the ultimate consumers, and that perhaps there might be cases where the dealers might go to the schools and make a profit, but the amount of profit they would make out of their sales to schools would be so small as compared to the general picture that I am inclined to agree with Mr. Shaw

and Mr. Probe that some recommendation should be made whereby C.N.E.A. would be placed in a position to purchase materials and allocate them to the various schools across this country and in Newfoundland; that they should be given the privilege of getting that material on the same basis as a dealer because it is not going into the general trade channel and it is not going to interfere with ordinary industry. I think there is quite a good argument in favour of what has been suggested, and I think something should be done to try to ask War Assets Corporation to do something of that nature.

Mr. PROBE: Mr. Chairman, just to indicate to you how comprehensive the membership of this association is, I shall read for the record a list of the officers and then of the members. For instance, the vice-president is B. O. Filteau, the secretary-treasurer is C. E. Phillips, 677 Dundas Street, West, Toronto, 28, Ontario; the past president is Mr. V. K. Greer, Superintendent of Elementary Education, Toronto, Ontario; and the President, of course, is Fletcher Peacock, Director of Education, Fredericton, New Brunswick. Then, to indicate to you how comprehensive the association is I would like to read to you some particulars I have here.

PARTIAL LIST OF ORGANIZATIONS AND REPRESENTATIVES OF GOVERNMENTS THAT HAVE BEEN ACTIVE IN DEMANDING WAR SURPLUS INSTRUCTIONAL MATERIALS FOR SCHOOLS ON INDEFINITE LOAN.

This incomplete list includes only those who in one way or another have expressed their opinions to the Canada and Newfoundland Education Association.

*National Organizations*

The Canada and Newfoundland Education Association, representing all provincial departments of education.

The Canadian School Trustees Association, representing provincial organizations of school trustees.

The Canadian Teachers' Federation, representing over 50,000 organized teachers in Canada.

The Headmasters' Association, representing private schools.

*In the Provinces*

P.E.I.—The School Improvement League; Hon. J. Walter Jones, Premier.

N.B.—The New Brunswick Teachers' Association; the New Brunswick Home and School Federation; Dr. Fletcher Peacock, Director of Education.

P.Q.—The Protestant Committee; the Provincial Association of Protestant Teachers of Quebec.

Ont.—The Ontario Teachers' Federation; the Ontario Secondary School Teachers' Federation; the English Catholic Teachers' Association; the Urban School Trustees' Association; the Board of Education, Toronto; Hon. George A. Drew, Prime Minister.

Man.—School District of Winnipeg, No. 1.

Sask.—The Saskatchewan Teachers' Federation; the Saskatchewan School Trustees' Association; the Saskatchewan Federation of Home and School.

Alta.—The Alberta School Trustees' Association.

B.C.—The British Columbia School Trustees' Association; the British Columbia Parent-Teacher Federation; the Corporation of Penticton; Burnaby School Board; Hon. G. M. Weir, Minister of Education.



These groups, persons, and their associates have reported that they are pressing the demands of education by letter and deputation. In many places the press and radio have cooperated. A full list of those who have or will be asking similar action would probably be several times as long.

Mr. REID: Might I ask you, Mr. Probe, if the various departments of education are represented on the board?

Mr. PROBE: I am afraid I could not answer that. There was a time when I could have answered it because I was a member, but I have now sort of lost touch.

Mr. BLACK: Is there anyone from Nova Scotia there?

Mr. PROBE: The Deputy Minister of the Provincial Department of Education is not given by name. These are a special group in relation to the departments of education, and they include all the departments of education.

Mr. SHAW: I should like to ask Mr. Low, as he designates himself the educational representative, or what have you, of War Assets Corporation, if he has had any request from this association to be appointed as dealers on the basis we have suggested.

The WITNESS: Mr. Chairman, and Mr. Shaw, I have had a meeting with the executive of the C.N.E.A. That meeting took place in August of last year, not very long after I was appointed in the War Assets Corporation; and, for the purpose of the information of the committee and to get it on the record, the C.N.E.A. draws its funds from the provincial departments of education throughout Canada, the provincial governments in Canada subscribe annually to the funds of this association. In answer to Mr. Shaw's question, I have had all kinds of representations from the C.N.E.A. in respect to their dealing with War Assets, and they have also had dealings with, and made representations to, the president of War Assets and to the minister, Mr. Howe.

Mr. SHAW: I am speaking particularly with reference to their being appointed as dealers.

The CHAIRMAN: Mr. Shaw asks a direct question: have they applied to be made dealers with respect to educational institutions?

The WITNESS: The association has made no representation to me personally to be made a dealer. I believe that representations have been made by the association to the minister and to Mr. Berry.

*By Mr. Murphy:*

Q. Just following up, Mr. Low; are they not buying from you because they are not getting a discount, is that the reason they are not purchasing?—A. I would think it would be up to the C.N.E.A. to answer that question themselves.

Q. I think that is a very important question?—A. I mean, in fairness, as a member of the corporation I do not know why C.N.E.A. is not buying at the present time.

Q. From your correspondence would you conclude that the reason they are not buying is because they are not getting a discount?—A. I think it could be understood, from my personal knowledge, one, that the C.N.E.A. was never set up to be a purchasing agent.

Q. I appreciate that.—A. Two, that as to war surpluses they would like to buy war surpluses. Three, I understand they have made representations to be treated as a dealer; and, four, if they were recognized as dealers they would possibly make purchases.

Mr. MURPHY: That is the point I wanted to make. I think that, Mr. Chairman, is a point that needs to be clarified.

Mr. PROBE: Were you not appointed by them to be an officer of this association?

The WITNESS: I might say, Mr. Chairman, that I have been an officer of the C.N.E.A. in the past.

Mr. MURPHY: But you are not at the present time?

The WITNESS: No, not at the moment, I am a member of the War Assets Corporation.

Mr. MURPHY: So you could not speak for that association?

The WITNESS: I could not speak for the association.

Mr. MURPHY: I wonder if I might draw to your attention the suggestion that was made this morning, and in view of the argument we heard, would it not be a good thing for us to support the suggestion made, I think it was by Mr. Shaw. His thought is one which I think should be endorsed by every member of the committee, that we ought to get to the bottom of this thing. And may I suggest at the same time that it would be good policy to have Mr. Berry, who is President of War Assets, present to sit in and to hear the representations that are made and the views expressed by the witnesses for the association. That would certainly save a certain amount of time and in that way we would get a better picture of the whole thing and might possibly be able to come to a decision.

Mr. REID: It seems to me that that suggestion is a good one. There are one or two questions in my mind that I would like to ask before we decide this matter.

The CHAIRMAN: I would refer you to the evidence of November 8, 1945, to a letter received from Mr. Charles E. Phillips, secretary-treasurer of the C.N.E.A., who wrote stating that he would be pleased to appear before the committee should the committee so desire. Is it the pleasure of the committee that we should invite Mr. Phillips to appear?

Mr. MCGREGOR: What position does Mr. Phillips hold?

The CHAIRMAN: He is the secretary-treasurer of the association. His letter will be found in the minutes of 1945.

Mr. MCGREGOR: I think we should ask them to send a witness and leave it to them to select their own witness. I do not see why we should ask them to send any particular man. I think we should write and ask them to select anyone they like.

Mr. REID: Mr. Phillips is already on record as saying that he would be glad to attend on behalf of the association any time we want him to do. That is why I made my motion.

The CHAIRMAN: That is quite agreeable. At the same time I think I should point out that Mr. Phillips as the secretary-treasurer has been carrying on the burden of the work of the association since he took office.

Mr. MCGREGOR: Very well then if it comes to that we will call Mr. Phillips.

The CHAIRMAN: I want it understood that I carry no brief for Mr. Phillips, but I think he is the logical one to call. What is your motion, Mr. Reid?

Mr. REID: That Mr. Phillips be asked to appear before the committee so that we can ask questions about this matter and get information from him. I understand also that it is the intention that Mr. Berry or his representative would be here at the same time.

Mr. MURPHY: I will be pleased to second that motion.

The CHAIRMAN: Would you have Mr. Berry in attendance at the same time?

Mr. MCGREGOR: Yes, I would think so; it is a question of policy.

The CHAIRMAN: No, it is not policy at the present time.

Mr. HOMUTH: I think what we want to do is to get his evidence and then consider a recommendation.

The CHAIRMAN: You have heard the motion by Mr. Reid, seconded by Mr. Murphy, that we call Mr. Phillips on behalf of the Canada and Newfoundland Education Association and that Mr. Berry or his representative be present at the same time. What is your pleasure?

Carried.

And now, gentlemen, we are going to have Mr. Phillips here at our next meeting. In the meantime Mr. Probe has placed before me a letter reading as follows:

## HOUSE OF COMMONS

### CANADA

OTTAWA, July 9, 1946.

Chairman, Special Committee,  
War Expenditures and Economics,

Dear Sir:—Following the brief discussion in Special Committee of July 4, I wish to submit, for the consideration of the Committee, that the following recommendations be made by this Committee to the President, War Assets Corporation.

At present, there is a policy of indefinite loan within War Assets Corporation, which permits surplus equipment and material which are not commercially saleable, to be made available to educational institutions on indefinite loan, if this equipment and material has educational value. To date, I am advised, educational institutions throughout the country have obtained an amount of this type of surplus material, although it is very definitely understood that it is only with the ingenuity and resourcefulness of the teacher and lecturer that this material can be of use in the classroom or lecture room. It has been made evident to the Committee that there is stored in the warehouses of War Assets Corporation, large quantities of non-standard equipment which is not readily saleable, and for which, therefore, the Corporation is paying costs for storage and administrative purposes. I have in mind, more particularly, that a great deal of the material of the type destroyed at Penhold, will be in the warehouses of the Corporation at the present time.

My first recommendation for the consideration of the Committee, is therefore, that the President, War Assets Corporation be requested to issue a directive immediately, giving authority to the official representatives of Universities and Provincial Departments of Education, throughout Canada (who at present are the official liaison officers with War Assets Corporation) to examine (for its educational value) surplus material which has been categorized by the Corporation as being non-standard, and that this equipment which is of use to educational institutions, be disposed of under the policy of indefinite loan.

There is also the policy of War Assets Corporation, whereby, educational institutions are given a priority of purchase. As I mentioned, at an earlier meeting of the Committee, there is an organization called The Canada Newfoundland Education Association, which is the official and authorized organization to act on behalf of all Provincial Departments of Education, in Canada. This organization has offered to purchase surplus material and equipment from the Corporation on behalf of all



nine Provincial Departments of Education in Canada, and to distribute this material across the country. It would appear to me, therefore, that there is no reason why the Canada Newfoundland Education Association should not be treated by War Assets Corporation as a dealer, and given purchase prices accordingly. The President, War Assets Corporation, has reiterated to the Special Committee, that no discounts are given to purchasers, but that dealers are given certain prices in view of the services rendered as dealers. The services of purchase distribution and administration, which the Canada Newfoundland Education Association will perform, should, therefore be recognized by War Assets Corporation in the same way.

My second recommendation, therefore, is that the President, War Assets Corporation, be requested to recognize the Canada Newfoundland Education Association, as a dealer for the nine Provincial Departments of Education, and that the Association be given dealers prices in their purchases.

I may mention in respect to the above, that Canada is at present in a rather invidious position, when it is realized that the American War Assets Corporation gives educational institutions forty per cent (40%) discount from the lowest recognized sale prices of surplus goods.

There is one last point to which, I feel the Committee should draw the attention of the President, War Assets Corporation. Our Committee has been advised, on many occasions, that all surplus typewriters are made available, in the first instance, to the King's Printer for distribution to Federal Government Departments. Furthermore, the President, War Assets Corporation, has stated that to date the supply of surplus typewriters has not been sufficient to meet the demands of the King's Printer. In which case, therefore, I presume there has been no sale of typewriters to the general public by War Assets Corporation. There is however, an aspect of this surplus disposal to which my attention has been drawn by representatives of educational authorities, viz. There must be many typewriters which have been declared surplus to War Assets Corporation, and which, because of their condition could not be used by the King's Printer. Our Committee has not been advised as to how these typewriters are disposed of.

My third recommendation, therefore, is that this Committee request the President, War Assets Corporation, to make available to educational institutions, under the present policy of indefinite loan, all surplus typewriters which are not taken by the King's Printer.

J. O. PROBE,

*Member Regina City.*

Mr. Murphy, will you be good enough to advise Mr. Smith in regard to the question about which he asked this morning, and with respect to which I said I was reasonably sure an answer had been tabled, that he will find the answer included in our proceedings at pages 624 and 625.

Mr. MURPHY: But as I recall it, Mr. Chairman, I think he asked Mr. Berry to supplement his answer as given on page 25, I think he wanted further information.

The CHAIRMAN: I think you will find the answers on pages 624 and 625.

Mr. MURPHY: That is not complete.

The CHAIRMAN: I do not think there is any request for additional information. You may want to bring that up at the next meeting.

The committee adjourned at 1.00 o'clock p.m.









CAI X C 2

- 46 W 1 2 ( SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES )

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 27

THURSDAY, JULY 11, 1946,

WITNESSES:

- Mr. Charles E. Phillips, Secretary-Treasurer, Canada and Newfoundland Education Association, Toronto.
- Mr. H. R. Low, Assistant to the President, War Assets Corporation.





## MINUTES OF PROCEEDINGS

THURSDAY, July 11, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cockeram, Cote (*Verdun*), Golding, Homuth, Isnor, Marier, Marquis, Murphy, McGregor, McIlraith, Michaud, Probe, Shaw, Stewart (*Winnipeg N.*).

*In attendance:* Mr. Charles E. Phillips, Secretary-Treasurer, Canada and Newfoundland Education Association, Toronto; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation; Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply.

The Chairman submitted a communication from C. H. R. Fuller, Business Administrator and Secretary-Treasurer of the Toronto Board of Education, requesting that the Committee of the Board be heard. The Chairman stated that a similar request had been received by Senator Hayden and Messrs. Church, Croll and Skey, Members of Parliament.

*Ordered.*—That the above communications be referred to the Steering Committee.

Mr. Phillips was called. He made a statement and was examined.

In the course of Mr. Phillips' examination, Mr. Low filed a statement on sales of materials for educational purposes by province of distribution from July 12th, 1944, to March 31st, 1946, and he was also examined.

At 1.00 o'clock witnesses retired and the Committee adjourned until Tuesday, July 16, at 11.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 11, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order, we will proceed with the business of the day. Before calling the witness, as agreed at our last meeting, namely, Mr. Charles E. Phillips, secretary-treasurer of the Canada and Newfoundland Education Association, I would like to say that the clerk and I, acting as chairman, have received a communication, a wire and two letters from Mr. C. H. R. Fuller, business administrator and secretary-treasurer of the Board of Education, Toronto. A wire has also been received and passed on to me by Mr. T. L. Church, M.P., Mr. D. A. Croll, M.P., L. W. Skey, M.P., and Senator Hayden, all making representations in respect to Mr. Fuller's request to be heard by this committee at some future date. May I suggest that we follow the usual procedure and pass these communications on to the steering committee for action.

Mr. McILRAITH: Surely!

The CHAIRMAN: I also wish to report that I have followed up Mr. McGregor's request in connection with questions asked by him and recorded at pages 422, 424 and 434 of our minutes, concerning ships and repairs to ships.

I communicated with Captain Hope's office, and I learned that Captain Hope is about to leave on his holidays; but I also learned that the information in reply is in the course of preparation by Commander Robert McGregor, who is in charge of ship repairs in the Naval Service. I was also reminded that at the time Commander McGregor appeared before this committee, he stated that it would take some time, perhaps as much as a month, before that information would be available.

Mr. McGREGOR: What page would that be?

The CHAIRMAN: I think it is page 434 of the evidence, although I am only trusting to memory. Now, with your approval, I shall call Mr. Phillips.

Mr. McGREGOR: That was on May 23. Now, this is July. It will soon be two months and there is no answer received yet.

The CHAIRMAN: He informed the committee at that time that it would take at least a month.

Mr. McGREGOR: Well, it is away over a month now, nearly two months. Is there any idea when we may expect that information?

The CHAIRMAN: I was told yesterday over the telephone that it would be tabled as quickly as possible.

Mr. MURPHY: You mentioned at the close of the last meeting that Mr. Smith had a question which had not been answered by Mr. Berry with respect to equipment attached to those engines that were advertised for sale. I believe you were under the impression that the question had been answered on page 624 and page 625.

The CHAIRMAN: Yes.

Mr. MURPHY: Well, it is not yet answered, Mr. Chairman. Could we get some information as to what the equipment was, whether there were magnetos, batteries, superchargers, and so on, on the engines?



The CHAIRMAN: Would you be good enough to put on the record the question as asked by Mr. Smith, to which you refer.

Mr. MURPHY: It is in connection with the equipment attached to those motors, including superchargers, batteries, magnetos, and so on.

The CHAIRMAN: Would you be good enough to quote the page?

Mr. MURPHY: This is the answer.

The CHAIRMAN: But would you be good enough to quote the answer to see if there is any further information requested?

Mr. MURPHY: That is all, Mr. Chairman.

The CHAIRMAN: Then the information which I gave you was correct.

Mr. MURPHY: No, it does not give the information; but I am hoping that Mr. Berry will be acquainted with it again. I am hoping that the question and the information required will be brought to his attention.

The CHAIRMAN: I would like to make my position clear for the sake of the record. There was a certain question asked by Mr. Smith to which I referred by mentioning the page of minutes, and I also gave the reply as covered by that question.

Mr. MURPHY: Yes, but the reply did not answer the question. The question was:—

Q. There is no check to find out whether engines advertised at that price in that ad, had any magnetos attached; they may have had them, you would not know?—A. The odd one may have had one on.

That was the answer given in reply, at page 625. That was the answer which Mr. Berry gave to Mr. Smith's question, the question which I repeated in order to have answered, the second question on page 625. The question was more or less of a repetition.

Q. I think that question arose because of an ad which appeared in the paper. I think that statement was made here at a previous meeting. You do not know whether the engines you advertised had magnetos or any other accessories accompanying them?—A. Normally they would have no magnetos or other accessory equipment attached to them.

Q. But these might have?—A. You might get the odd one where a magneto happened to be on the engine.

Q. There is no check to find out whether engines advertised at that price in that ad had any magnetos attached; they may have had them, you would not know?—A. The odd one may have had one on.

And further on:—

Q. And you might be able to tell us whether they had magnetos or other expensive equipment on them, they might have had another couple of hundred dollars' worth of attachments.

That is a question and not an answer.

The CHAIRMAN: That was your question.

Mr. MURPHY: The same as Mr. Smith's question. The same question.

Mr. McILRAITH: Is it a new question?

Mr. MURPHY: It is an old one, Mr. Chairman.

The CHAIRMAN: I shall be very pleased to refer the additional questions to Mr. Berry.

Gentlemen, you will recall at the last meeting Mr. Shaw and Mr. Probe were the two members who specifically brought to the attention of the committee a request that we follow up a letter to us under the date of November 8, 1945

from Mr. Charles E. Phillips, secretary-treasurer of the Canada-Newfoundland Education Association, and invite him to this meeting as a witness, in reference to the disposal of educational equipment. Mr. Phillips, will you come forward, please?

**Mr. C. E. Phillips, Secretary-Treasurer of the Canada-Newfoundland Education Association, called:**

Mr. COTE: On what page of our minutes does that letter appear?

The CHAIRMAN: I doubt very much, unless you carry through from 1945, that you will have it in Roman numerals.

Mr. SHAW: It is page 368 and 369 of the evidence, the part quoted by Mr. Probe.

The CHAIRMAN: Yes. I think that would give you the information, at pages 368 and 369, gentlemen. Now, is it your desire that Mr. Phillips first make a statement following which you will question him?

The WITNESS: Mr. Chairman and gentlemen.

The CHAIRMAN: I neglected to say, that Mr. Low is here as a representative of Mr. Berry as requested.

Mr. Low: Yes.

The WITNESS: Mr. Chairman and gentlemen. I think I had better begin with a few words about the Canada-Newfoundland Education Association since some of you who may have heard of it may not know just what it is. The organization will soon be called, the Canada Educational Association, because that title is more descriptive. Actually, it is an organization of the constitutional educational authorities in Canada, that is, of the nine provincial departments of education and also a great number of important local educational authorities, although they would come in automatically through the provincial departments of education.

We have been in existence for about fifty years, but we have been active in the sense of having an office and a fulltime secretary for only one year. What the C.N.E.A. says is what the nine departments of education say, and in matters in which those nine departments of education can act together, they act under the name of C.N.E.A. The purpose of our organization is to further understanding among them and to act on behalf of them in matters of common agreement. You can ask me more about that later, if you wish.

*By Mr. McGregor:*

Q. Are you employed by War Assets Corporation or by C.N.E.A.?—A. I am employed by C.N.E.A., which derives its budget from the nine provincial governments.

*By the Chairman:*

Q. And C.N.E.A. is a non-profit organization?—A. C.N.E.A. is a non-profit organization, yes.

*By Mr. Bradette:*

Q. You mentioned nine provinces?—A. Yes. It is perfectly true, nine provinces together with Newfoundland.

Q. And there is co-operation between the nine provinces in that respect?—A. In certain matters, yes. For example, we perform a service of evaluation of educational film, and we get the co-operation of each of the departments in having films evaluated wherever they are seen, and we pass on that information to all the departments, because we know that all of them can profit thereby.

*By the Chairman:*

Q. You receive a grant from the Newfoundland government?—A. Yes, we do. In connection with the matter of war services and schools, during the war as you all know, every school in this country did practically everything it could to further the war effort. Even the little elementary schools had the children work on Red Cross articles; and the secondary schools or higher elementary schools made model aeroplanes out of wood for use in training and identification of aircraft. We all tried to contribute to the war effort, but I think the schools did an especially good job.

One class of school in particular, the vocational school, did something specific. It turned over its facilities for the training of men in the war emergency classes, men and women for the armed services and for industry. The machine tools, the buildings, and the whole equipment of those educational institutions were used in those war emergency classes for that purpose. Much of their equipment was worn out or partly worn out in the service of Canada as a whole and of the United Nations.

When all this was done, there was a tacit understanding that, after the war, the schools would not suffer from this service. They all knew that there would be surplus instructional equipment of various kinds, and they all looked forward to receiving such equipment after that equipment was no longer needed. There was no written agreement.

*By Mr. Golding:*

Q. Who gave that assurance?—A. In the case of the vocational schools, it was the representatives of the Department of Labour, talking to the departments of education and the boards of education who were turning over the schools. They said, "Of course there will be all this equipment after the war."

Q. Let us get this straight.

*By Mr. Murphy:*

Q. Was that the Dominion Department of Labour?—A. Yes, the Dominion Department of Labour. I am not saying that there was any written agreement to that effect.

*By Mr. Golding:*

Q. Who gave that specific assurance?—A. I cannot answer you because, as I have said, there was no specific or written agreement to that effect. All I could say is that the schools did these things upon that understanding.

Q. But you do not know, specifically?—A. No, I do not know.

*By the Chairman:*

Q. The questions asked by both Mr. Murphy and Mr. Golding are very pertinent to the point; but had we not better allow Mr. Phillips to make his statement. Will you kindly proceed, Mr. Phillips.—A. I shall answer that question later on. Now, about the winter of 1944-1945, these schools and education people generally became a little uneasy because no specific arrangements were being made to distribute these war surpluses which they anticipated would be available in the near future. They thought it would be better if we got specific assurance or a statement from the Federal government that these things were to be forthcoming. Hence, organizations such as our own, and the Canadian School Trustees Association, the Ontario Education Organization, and so on, passed resolutions urging the federal government to make definite provision with respect to war surplus and instructional materials. People interested in education did a great amount of talking among themselves, as they always do—I think too much. They did not make things known in the right quarters, but they did do a certain amount of making it known in Ottawa.



So, as secretary of the C.N.E.A., I visited Ottawa and I met Mr. Henry who was then the Deputy Minister of Reconstruction. I asked him why there seemed to be difficulty in making some definite provision for this instructional material to get to the school. Mr. Henry told me that there were administrative difficulties, notably (1) that if the dominion government should give such equipment to the schools, obviously some provinces might get more of it than others, and there might be objections raised about inequality or unfairness or favouritism so I went away with that problem to try to find a solution. I went away with that difficulty in mind, searching for a solution.

It so happened in the fall of 1945 that Mr. Low, who is here to-day, was appointed as assistant to the president of War Assets Corporation, with the particular function of seeing to it that the needs of educational institutions were satisfied as well as could be. That gave us a great amount of hope, in the educational world. We knew Mr. Low well. He had been superintendent of education in Manitoba and a director of education in the R.C.A.F. and we knew that he had the interests of education at heart. Our hopes were raised when Mr. Low came into the War Assets Corporation to introduce a new policy of giving to schools and educational institutions instructional material upon indefinite loan with the one proviso, however, that such instructional material had to be material that had been declared of no commercial value. That is a pretty serious proviso; but we hoped that the interpretation of it would be liberal in that we would get a good quantity of worth while equipment as a result of this indefinite loan provision and as a result of Mr. Low's efforts in his office. I wish to say nothing that would in any way make light of what Mr. Low has done. I feel sure that within the policy of War Assets Corporation he has done a tremendous amount for us and we appreciate that. But we are up against a policy of War Assets Corporation as we go along.

At any rate, in the fall of 1945 when it became clear that all we could get on indefinite loan was material which could not be sold, and when it became clear that it was also difficult to secure, even by purchase, some of the things which were most badly needed like machine tools and so on, there was increasing dissatisfaction among educational authorities and school boards and those interested in education. Hence, C.N.E.A. decided to follow up what it had already begun in the summer, that is, to seek help with that particular problem. What we have done in this matter is just about as follows: I have, it is true, told those people who were making those complaints and were dissatisfied: you ought to tell the people who have the power over those things, you ought to tell your representatives at Ottawa and let the people know what it is, what the needs of education are. But in addition to that, we made a serious effort to devise a plan which would meet the objections that were raised by the federal government in granting materials to schools.

What we did was to establish an interprovincial committee on war surplus, that is, an interprovincial committee consisting of nine representatives besides myself who act as secretary. Each of those men are the persons who, in their respective provinces, deal with War Assets Corporation in securing educational materials. Together they form the C.N.E.A. committee and as such they have the authority of all the provinces, that is, the C.N.E.A. has the authority to receive from War Assets Corporation or from the federal government, war surpluses and distribute them among the provinces; so there will be no possible difficulty of any charge of favouritism, if the material is given to the C.N.E.A. If that is done, C.N.E.A. will distribute it through this committee which has the authority of every government to act in that capacity. Well, we did not know, of course, at the start, the exact terms in which we should place our requests before the federal government because we did not know just what would be their major difficulties apart from the one I mentioned, and we did

not know what materials were most likely to be available or what had to be sold to industry and so on. I talked to every one I possibly could and we devised what we considered to be a reasonable plan.

The plan we devised was that the category of articles to be given upon indefinite loan should be extended to include things that were badly needed in the schools such as typewriters and so on, and we made a proviso that those not taken over by the King's Printer—because we knew that a great many machines were coming to the federal government such as motion picture projectors and typewriters, which were very badly needed, and machine tools at first, hand tools chiefly, such things—and then, I think, we added to them articles which Mr. Low might think would be useful and which he knew to be available.

Well, having got to that point, as secretary of the C.N.E.A. I made direct approach to the Minister of Reconstruction and asked him to extend the category of articles upon indefinite loan in the way I have described.

In my conversation with the Minister of Reconstruction, it became clear that the giving of any articles which could be sold commercially was contrary to the policy of War Assets Corporation; and it became clear also that the Minister of Reconstruction was not willing to change the policy of War Assets Corporation along that line. Accordingly, I suggested an alternative proposal based on what is done in the United States, where 40 per cent discount is given to educational institutions, by routing materials through the United States Office of Education. I suggested that the C.N.E.A., in view of the fact that it was an interprovincial committee possessing the authority of the nine provinces to distribute things, might acquire such articles by purchase, if the terms were made favourable, rather than to attempt—to quote Mr. Howe—I will simply tell you this that I had the impression that this proposal was acceptable to the Hon. Mr. Howe, that the C.N.E.A. should be treated as a wholesaler and given the wholesaler's discount. I reported immediately to the president, who then wrote and thanked the Minister of Reconstruction. We held a meeting of the executive committee immediately thereafter and following the meeting of the executive committee we wrote to this effect:—

January 22, 1946.

Hon. C. D. Howe,  
Minister of Reconstruction,  
Number 1 Temporary Building,  
Ottawa, Ontario.

DEAR SIR,—The Canada and Newfoundland Education Association hereby makes formal application for the right to a discount of 40 per cent on purchases from War Assets Corporation made on behalf of educational institutions.

This letter is pursuant to our conversation of January 18. Since that date the Executive Committee of the Canada and Newfoundland Education Association met in Toronto and learned with appreciation of your willingness to grant this valuable concession to education. The Directors of our Association thank you sincerely on behalf of the educational authorities in all provinces.

It will be necessary of course to define the terms of the agreement. Since the plan was suggested by Regulation 14 of the Surplus Property Administration in the United States, I am enclosing a few notes on that regulation. If you will be good enough to send written confirmation of

the agreement in broad terms, I shall make immediate arrangements to discuss details either with you or with your deputy minister, and thereafter with the appropriate officials of War Assets Corporation.

Yours very truly,

CHARLES E. PHILLIPS.

And on January 28, 1946, I received from the Minister of Reconstruction this letter:—

OFFICE OF THE MINISTER OF RECONSTRUCTION

OTTAWA, CANADA

January 28, 1946.

DEAR MR. PHILLIPS,—I have your letter of January 22, following our conversation regarding the request of your association that educational institutions be given a discount of 40 per cent on purchases from War Assets Corporation.

I have examined your proposal, and have discussed it at some length with the president and executive officers of War Assets Corporation. It appears evident that any attempt to implement a policy of reduced prices for one buyer would create insuperable administrative problems. We would, of course, have to extend this arrangement to all educational institutions, and once having done that, I am certain that we would receive similar requests from other public bodies.

I cannot lose sight of the fact that War Assets Corporation was established primarily to bring about the orderly disposal of surplus assets and to make as large a recovery as possible of the capital outlay on war equipment and supplies. It seems to me that any policy which has the effect of extending a privilege to one group of buyers in the way of reduced prices is inconsistent with the main objective of the corporation.

Moreover, since I discussed this question with you, I am advised that the Department of Labour is working on a plan to assist educational institutions in rehabilitating their equipment. While the details of the plan have not been worked out, it is expected that it will meet most of the situations which you had in mind.

In the circumstances, I must advise you that I cannot accept your proposal that educational institutions be given a discount of 40 per cent on purchases from War Assets Corporation.

Yours very truly,

(Sgd.) C. D. HOWE.

CHARLES E. PHILLIPS, Esq.,  
Secretary-Treasurer,  
The Canada and Newfoundland Education Association,  
677 Dundas Street West,  
Toronto, 2B, Ontario.

*By Mr. Golding:*

Q. Have you any letter from Mr. Howe now where he indicated that he might be willing to adopt a proposition such as that you mentioned in your letter?—A. No, I think I was careful to word that in the correct way. I had that interview with the Hon. Mr. Howe. The president was here in Ottawa at the time; but the Hon. Mr. Howe and I had a conversation together. As I



said, that was my understanding of the conversation and I so reported it to our president. Then our president wrote a letter of thanks, and I read you our letter of thanks.

*By Mr. McIlraith:*

Q. Who is the president?—A. Dr. Fletcher Peacock.

*By Mr. Marier:*

Q. And the result of your conversation was the letter dated January 28th?—A. Yes, that is correct. I am simply recording the impression I had at the time. I read to you Mr. Howe's letter in which he said that he had consulted the officers of War Assets Corporation and found himself unable to do it.

Then, apparently, as we were in a blind alley in seeking a discount, we reverted to the proposal of extending the category of indefinite loan, omitting mention of machine tools, since there was this question of the Department of Labour granting a 75 per cent rebate on the purchase of machine tools from War Assets Corporation, when they were purchased to replace those which were worn out by the vocational schools.

*By Mr. Homuth:*

Q. You say that the Department of Labour in the meantime had apparently adopted a certain policy?—A. Actually, I believe there was not any formal announcement; it was just about concurrent. I judge that Mr. Howe probably did not know about that action of the Department of Labour at the time we had our interview; but it is clear that he did know about it at the time he wrote this letter on January 28. That, of course, is only my impression.

Q. The Department of Labour's suggestion was only about machine tools.—A. Yes, and only with respect to those that were to be put in war emergency classes.

*By Mr. Marier:*

Q. The best thing to be done with respect to machine tools was to replace them at a 75 per cent discount.—A. Yes. The schools would replace them and receive a rebate of 75 per cent from the Department of Labour.

*By Mr. Shaw:*

Q. Have any transactions taken place with respect to machine tools?—A. We reverted to the plan of securing articles upon indefinite loan and an extension of that principle, omitting all mention of machine tools, because we knew that very few machine tools were available to educational institutions. We knew that the policy of the government was that machine tools should be provided for industry in order to effect transition as rapidly as possible to normal output. Well, as I say, that is the reason we reverted to the idea of an extension of the policy of indefinite loan. Then I sent another letter to the Hon. Mr. Howe along that line and suggested a plan which you have seen and which I have sent to the members of this committee in its modified form. The Hon. Mr. Howe wrote to me in reply:—

## OFFICE OF THE MINISTER OF RECONSTRUCTION

OTTAWA, CANADA

February 4, 1946.

DEAR MR. PHILLIPS,—I have your letter of February 2nd further to our exchange of correspondence and our conversation regarding the requirements of the educational institutions.

I note your suggestion that I consider your original recommendation: namely, that equipment be made available to educational institutions on an indefinite loan basis. This proposal presents exactly the same administrative difficulties as the suggested discount arrangement. Further, it would be inconsistent with the objectives of War Assets Corporation to make available on an indefinite loan basis equipment and materials for which there is an immediate commercial market.

As I indicated to you in my previous letter, the Department of Labour is now working on a plan which will provide assistance to educational institutions, particularly those which made their facilities available for vocational training during the war years. I think it would be most advisable if your association would inform itself as to the details of this plan.

Yours sincerely,

(Sgd.) C. D. HOWE.

CHARLES E. PHILLIPS, Esq.,  
Secretary-Treasurer,  
The Canada and Newfoundland Education Association,  
677 Dundas St. Wes.,  
Toronto 2B, Ont.

*By Mr. Marier:*

Q. What is the date of that letter?—A. February 4th, 1946. It remained to inform ourselves as to the working out of the plan. A member has asked me how it worked out. I cannot answer for all the provinces, but I can answer for Ontario. Not one single item whatsoever was acquired by any vocational school. Furthermore, it is not considered worth while either by the Department of Education—and I think I can say by the Department of Labour—even to assess what was done by vocational schools. Even if they did find that machine tools were worn out in the war service, they could not purchase them from War Assets Corporation in order to replace them anyway. I want to tell you that the vocational schools in Ontario are most anxious to get machine tools but they have not been able to get one single machine tool on that plan.

*By Mr. McIlraith:*

Q. What is the price paid by vocational schools for all supplies purchased from War Assets Corporation?—A. I believe it is the regular price.

Q. But what is the total amount of it?—A. I cannot answer you exactly, but the Hon. Mr. Howe has a letter in which he informed me.

Q. It was over \$3,000,000 up to the end of March.—A. The Hon. Mr. Howe said:—

OFFICE OF  
THE MINISTER OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

May 16th, 1946.

DEAR MR. PHILLIPS,—

The office of the Prime Minister has referred to me copy of your letter of May 10th, with further reference to our previous exchange of correspondence regarding the request of educational institutions for surplus equipment.

After considerable examination of all the factors involved, the management of War Assets Corporation has recommended that no price

concessions can be given to educational institutions or to any other group of prospective buyers, and I have concurred in that recommendation.

War Assets Corporation was established primarily for the purpose of recovering as much as possible of the monies expended on the creation of war assets. The disposal of surplus assets free of cost or on a long term basis is quite inconsistent with the objective for which the company was incorporated. There is the further difficulty that a price concession to one group requires special treatment for other groups who can make similar claims. Even if it were desirable that price concessions be given, the administrative problem in dealing with special buyers would be almost insuperable.

What I have said above relates to price. Educational institutions, as you know, have been given special opportunities to buy, which amounts in practice to a priority. Under this arrangement, sales have been made to educational institutions in excess of \$280,000,000. In addition, the Department of Labour has made an arrangement with those institutions which used their facilities for special training programs during the war years, whereby these institutions will be able to replace equipment which has been worn out in war service. Machine tools and other equipment to the approximate value of \$2,000,000 have been sold to the Department of Labour for distribution under this plan.

Institutions wishing to take advantage of the scheme and which can qualify should communicate with the Department of Labour.

Yours sincerely,

(Sgd.) C. D. HOWE.

CHARLES E. PHILLIPS, Esq.,  
Secretary-Treasurer,  
The Canada and Newfoundland Education Association,  
677 Dundas Street West,  
Toronto 28, Ontario.

May 18, 1946.

The Hon. C. D. HOWE,  
Minister of Reconstruction,  
Ottawa, Ontario.

DEAR MR. HOWE,—

You have been very kind in taking the trouble to answer extensively letters from educators about the disposition of war surpluses of educational value. I know that you have a heavy burden of more general responsibilities and am sincerely sorry that it is necessary to bother you continually about the needs of the schools.

For nearly two years now the requests of education have been answered by the same reference to administrative difficulties. Apparently the C.N.E.A. has been quite unsuccessful in its efforts to obviate such difficulties either by getting educational interests to modify their claims or by setting up an interprovincial committee to take responsibility for the distribution of instructional equipment. But the needs of education are such that we have no option but to redouble our efforts to convince the government of the rightness of our claims.

The statements and implications in the last two paragraphs of your letter are greatly at variance with my understanding of the situation. Before reporting to the Directors of our Association, I would appreciate having a few minutes with you to clear up matters of fact. You may be interested also in information I have received about the disposal of educational equipment in the United Kingdom.



Would April 27th or May 29th be convenient? I have other business in Ottawa on May 28th and the time would therefore suit me. If you would prefer some other date, I shall be glad to come at any time you suggest.

Yours sincerely,

(Sgd.) CHARLES E. PHILLIPS.

I made inquiries about that and I was told that the only extension that could be given would be sales to rehabilitation centres. We are all interested in them, but the C.N.E.A. is interested primarily in the regular schools. We feel certain that the very large amount which was quoted by the Hon. Mr. Howe must have included them.

Mr. McILRAITH: No, no. That sales figure is obviously a mistake.

*Mr. McGregor:*

Q. The statement submitted to us is to the effect that some \$270,000,000 to \$300,000,000 have been turned over by way of sales to this department. Is that right or wrong?—A. The statement is made by the Hon. Mr. Howe in his letter and I am sure that he must have secured those figures from some reliable source; but I believe they did not apply to educational institutions.

*By Mr. McIlraith:*

Q. It is obviously thousands that he is talking about, not millions?—A. This is the type of argument that we people in educational work have to try to answer.

*By Mr. McGregor:*

Q. You made a statement a while ago that it was obvious that the Department of Labour could not obtain machine tools from the Department of Munitions and Supply or from War Assets Corporation. Why was that statement made?—A. The statement I made was that certainly the Department of Education in Ontario—and I think I said the Department of Labour in Ottawa—did not even think it worth while to assess what was done by the vocational schools because they could not get machine tools to give to the schools anyway. Now you ask me why? Well, it is for this reason: industry has a priority above the provinces and above education in acquiring machine tools. I am not an official of War Assets Corporation. Such a person could state the policy more definitely. But if machine tools are located in a plant which is owned by some industry which is operating it, then the industry may purchase those machine tools. Or, if machine tools are needed by some new industry which will provide employment, they will get them. Then, some machine tools were purchased for these rehabilitation centres, I will admit that. Some of them were. So, there was very little left to the schools. I do not say that the schools got none at all, but they got very few in Ontario, and under the Department of Labour 75 per cent rebate they did not get any.

Q. As far as you know, Mr. Phillips, it would appear from your conversation with the Hon. Mr. Howe and from his letter, that he was advised that the Department of Labour would see to it that the vocational schools were supplied with these tools which had been used for educational purposes during the war?—A. Yes. Whatever purposes they were used for, they were to be supplied with tools.

Q. And it is apparent now that the Department of Labour here did not know there were tools available.—A. I think they acted in good faith. What I wanted to bring about was to get them into the schools. That is the point.

*By Mr. Golding:*

Q. What type of machines were they?—A. Drill presses, lathes, milling machines, and the like.

Q. Drill presses, lathes, milling machines and so on, they were worn out?—

A. Oh yes, they were used in the war classes. The Hon. Mr. Howe said that \$280,000,000—

Mr. BRADETTE: I do not think that \$280,000,000 should be quoted; there is certainly an important error somewhere.

Mr. McILRAITH: It is nonsense to try to tell the committee anything like that. The witness knows that the gross sales did not run to anything like that amount, all things included, even ships.

Mr. HOMUTH: He was quoting from a letter written by the Hon. Mr. Howe.

Mr. McILRAITH: Yes, I know; but to keep on repeating and repeating it is silly.

Mr. HOMUTH: The minister wrote the letter. It is an official letter to this association, and it mentions the sum of \$280,000,000. There it is on the record.

Mr. McILRAITH: Yes, and it is correctly read into the record, but after it is read into the record it is apparent that there is a typographical error. There is no point in repeating it endlessly.

*By Mr. Murphy:*

Q. Did you call the attention of the minister to that obvious thing?—A. Yes, I wrote a letter on May 18 two days after the date of this letter.

Q. That refers to the figure quoted by the Hon. Mr. Howe; but there is another part which has come into this conversation. I do not want to emphasize the figure.

*By Mr. McIlraith:*

Q. Is there any objection to putting the whole letter on the record?—

A. No.

In addition; the Department of Labour has made an arrangement with those institutions which used their facilities for special training programs during the war years, whereby these institutions will be able to replace equipment which has been worn out in war service. Machine tools and other equipment to the approximate value of \$2,000,000 have been sold to the Department of Labour for distribution under this plan.

Again, we educators cannot understand it because we know that we are not getting machine tools in the schools. My impression is that the minister must have been thinking about the rehabilitation centres. I did try to see the Hon. Mr. Howe again, and I am quite sure he would have been glad to see me if he had not been so busy. But I was able to see Mr. Berry the president of War Assets Corporation, and to Mr. Berry I made the same two proposals that had been made before to the Department of Reconstruction: (a) that the category of articles to be available upon indefinite loan should be enlarged to include motion picture projectors, and hand tools—not machine tools any more; and (b) that the C.N.E.A. should be treated as a wholesaler and given a discount. I said that I thought the Hon. Mr. Howe was favourably inclined at one time to that second proposal. At any rate, I suggested to Mr. Berry that apparently it was the difficulty of administration that was holding the thing up. I asked him if he would not give us that discount and he said: No, he would not; that we were not a legitimate dealer, and that the discount went only to those who were established in business before this present time. So, we just did not get anywhere.

Of course, I would like to say now, there are two distinct points of view; the point of view, if I may say so, of the War Assets Corporation and of the Department of Reconstruction, that a policy has been laid down, which policy must not be altered in any way, shape or form.

*By Mr. Smith:*

Q. You mean the law of the Medes and the Persians?—A. Exactly. War Assets would not give us a discount because they said we were not an established dealer.

*By Mr. Murphy:*

Q. You wrote to the Hon. Mr. Howe calling his attention to the two paragraphs, having special reference to the figures quoted, as representing goods sold to educational institutions?—A. Yes, sir.

*By Mr. McIlraith:*

Q. That is the letter of May 18 that I asked to be put on the record?—A. Yes.

*By Mr. Murphy:*

Q. Will the witness please tell me if he has had any reply from the Minister?—A. Yes, sir. On May 21, 1946, I received a letter, not from the minister, but from Mr. R. W. MacLean, which reads as follows:—

# OFFICE OF THE CHIEF EXECUTIVE ASSISTANT

MINISTER OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

May 21, 1946.

DEAR MR. PHILLIPS,—As the Minister is out of the city, I am acknowledging your letter of the 18th instant asking if it would be possible for him to see you some time on the 27th or the 29th instant.

With the sittings of the House of Commons, the Minister's time is pretty well taken up. However, if you will telephone on your arrival it may be possible to arrange an appointment for you.

Might I suggest that perhaps it would also be advisable for you to see Mr. J. H. Berry, who is Chairman of the Crown Assets Allocation Committee, which committee deals with the formulation of policy in regard to surplus assets.

Yours very truly,

(Sgd.) R. W. MacLEAN.

CHARLES E. PHILLIPS, Esq.,  
Secretary-Treasurer,  
The Canada and Newfoundland Education Association,  
677 Dundas Street W.,  
Toronto 2B, Ont.

Between the 27th and 29th, I came to Ottawa when I saw Mr. MacLean. It proved to be impossible to arrange an interview with the Hon. Mr. Howe because he was very busy; but I did follow up the second suggestion and I saw Mr. Berry. That was approximately on the 28th or 29th May that I had the conversation I referred to a moment ago.

*By Mr. Golding:*

Q. With respect to your letter of May 18th, is that an error there, May 27th?—A. No, the 28th was the meeting.

Q. But your letter is dated May 18.—A. Oh, that is different.

MR. MARIER: Not only the minister can make a mistake.



*By Mr. McIlraith:*

Q. That is a typographical error. Nothing turns on it.—A. I do not recall it.

*By Mr. McGregor:*

Q. How does this \$270,000,000 worth of sales to this department come into the picture?—A. I am afraid I did not mean to emphasize it so much. I do not really want to do so, except in this way, that we really want to get a straight picture. I do not want to be faced with the ideas that are going about that the schools are getting plenty of supply. In fact, they are not. We are not getting plenty.

Q. This committee was under the impression that these educational departments had received \$270,000,000, or therabouts, worth of supplies.

Mr. COTE: In order to keep the record clear, we have been submitted a list showing the total amount of sales of material for educational purposes. It is appendix "E" of the statement made by Mr. Low.

Mr. MCGREGOR: What page is that?

Mr. COTE: \$2,347,060.98 as distributed among nine provinces of the dominion.

Mr. MARIER: You will find it in appendix "E" on page 785.

The CHAIRMAN: Page 785 of the minutes of June 20th. I do not wish to interrupt the witness, but I had intended to ask him, when he completed his statement, as to whether he has seen the figures as tabled by Mr. Low at our meeting of June 20th, which showed that the sales of material for educational purposes, by the provinces, amounted to \$2,347,060.98; along with additional figures relating to the Canadian Vocational Training Program. That would be separate.—A. No, I have not seen them. I can well understand that the figure would be a reasonably large one. For one reason, Ontario has made very substantial purchases of buildings for educational purposes.

Mr. McILRAITH: There is no real estate included whatsoever.

The CHAIRMAN: Material only.

*By Mr. McGregor:*

Q. Do I understand that your department has purchased \$2,347,060.98 worth of material?—A. Our department? No, no. These amounts were presumably purchased largely by provincial departments of education.

Mr. Low: In order to keep the record straight, information that I supplied in this brief is information which was also tabled in the House in answer to a question; and in furtherance of that answer there was also tabled the categories included in those sales. If it is necessary and desirable that the record be kept straight on this point, I could table the list which shows forty-four categories, the total sales under each category, and the total in each category of sales to the Canadian Vocational Training Program, which is organized under the federal Department of Labour with the provinces, and to educational institutions. I have that table right here.

Mr. McILRAITH: I offered to have that table printed the last time we were dealing with these people, but the committee, at that time, did not want it.

Mr. SHAW: We just neglected to accept your request. There was no objection to it.

The CHAIRMAN: What is your wish?

Mr. MARIER: I propose that we print the table.

Mr. McILRAITH: It would be very helpful for us to do so.

The CHAIRMAN: Is it your wish that the statement as mentioned by Mr. Low be included in our minutes? Carried.

Mr. Low: The statement reads as follows:

# SALES OF MATERIALS FOR EDUCATIONAL PURPOSES

By PROVINCE OF DISTRIBUTION

July 12, 1944, to March 31, 1946

Grand Totals

Category	Description	Total	Canadian Vocational Training Programs	Educational Institutions
1.	Real Estate .....			
2.	Buildings without land.....	\$ 69,635 45	\$ 16,225 00	\$ 53,410 45
3.	Clothing.....	10,493 38	8,516 04	1,977 34
4.	Footwear.....	812 40		812 40
5.	Foodstuffs and Drugs.....	11,463 46		11,463 46
6.	Office Furniture and Equipment....	75,306 05	57,876 07	17,429 98
7.	Bunkhouse, Cafeteria and Camp Equipment.....	119,020 54	74,590 94	44,429 60
8.	Kitchenware and Cutlery.....	61,961 82	49,351 47	12,610 35
9.	Paint and Petroleum Products.....	38 35	4 60	33 75
10.	Textiles and Textile Products.....	305,230 61	285,454 61	19,776 00
11.	Scientific and Professional Equipment	52,365 43	32,882 10	19,483 33
12.	Chemicals and Explosives.....	508 21	11 78	496 43
13.	Miscellaneous Consumer Goods.....	12,863 95	7,171 75	5,692 20
14.	Scrap—Metal.....	371 25	18 50	352 75
15.	Scrap—All Other .....	458 96		458 96
16.	Plumbing Fittings and Fixtures....	1,815 62	1,542 62	273 00
17.	Hardware.....	133,896 38	126,741 87	7,154 51
18.	Electrical Equipment .....	194,795 90	188,366 20	6,429 70
19.	Builders' Supplies .....	426 15	361 35	64 80
20.	Packages and Containers.....	2,151 16		2,151 16
21.	Miscellaneous Industrial Goods.....	52,617 60	42,796 56	9,821 04
22.	Trucks, Trailers and Tractors.....	100,112 04	90,074 14	10,037 90
23.	Passenger Cars .....	28,572 16	25,493 90	3,078 26
24.	Motorcycles.....	1,075 00	925 00	150 00
25.	Automobile Equipment .....	18,091 48	18,046 98	44 50
26.	Machine Tools and Equipment.....	980,913 06	895,552 94	85,360 12
27.	Hospital and Firefighting Equipment	7,408 75	2,545 44	4,863 31
28.	Diesel Engines .....			
29.	Marine Engines and Equipment.....	1,500 00	1,500 00	
30.	Ferrous Metals .....	1,085 24	961 26	123 98
31.	Non-ferrous Metals .....	1,708 91	1,291 28	417 63
32.	Ships.....			
33.	Aircraft.....			
34.	Aircraft Engines .....	200 00		200 00
35.	Aircraft Components .....	190 00	165 00	25 00
36.	Aircraft Instruments .....	563 63	443 63	120 00
37.	Aircraft Raw Materials.....	1,534 75		1,534 75
38.	Aircraft Engine Components.....	624 54		624 54
39.	Radio and Radar Sets.....	16,007 80	15,382 80	625 00
40.	Radio and Radar Parts.....	49,568 73	38,610 77	10,957 96
41.	Weapons.....			
42.	Engines.....	235 00		235 00
43.	Machinery.....	31,437 22	22,633 48	8,803 74
44.	Auction Sales .....			
		\$2,347,060 98	\$2,005,538 08	\$341,522 90

Mr. McILRAITH: The statement, by the way, is up to March 31, 1946.

*By Mr. McGregor:*

Q. According to this witness, they have purchased practically nothing.—

A. Practically nothing in the way of machine tools.

Q. Who was it purchased through?—A. Not the C.N.E.A. We have not purchased anything.

Q. Who purchased these goods?—A. The various provinces, and, I presume, the departments of education.

Mr. Low: Those goods were purchased by the Canadian Vocational Training Program—purchases for the Canadian Vocational Training Program were made by the federal Department of Labour—Secondly, there are also

purchases made by provincial departments of education, educational institutions generally throughout Canada, and local school boards. The C.N.E.A., as I said at the last meeting, has made no purchases up to date from the War Assets Corporation.

*By Mr. McIlraith:*

Q. There is no fund. Would you place an order on behalf of a province?

—A. We have done that, sir, for articles upon indefinite loan. So far we have not made purchases on their behalf.

The CHAIRMAN: Mr. Murphy has the floor.

Mr. MURPHY: I wonder if Mr. Low could tell the committee if the provinces or the Department of Labour, the federal Department of Labour, have made purchases; and will the Department of Labour send that material to these different schools in accordance with the request by the departments that they have this equipment for replacement.

Mr. Low: Mr. Chairman, the table to which we are now referring, which is appendix "E" of the brief which I submitted, states: that the sales of material for educational purposes from July 12, 1944 to March 31, 1946, makes a total of \$2,347,060.98. Of that total which I have just mentioned, \$2,005,538.08 were purchases made by Canadian Vocational Training Program; and the remaining amount of \$341,522.90 were purchases made by educational institutions across Canada. The total purchases for Canadian Vocational Training Program, is made by the federal Department of Labour. There is an arrangement whereby the federal Department of Labour works in conjunction with each of the nine provinces in order to further the Canadian Vocational Training Program, and the federal government made that arrangement. I cannot go into the matter because it involves a number of financial aspects with which I personally may not be familiar. But they make purchases here, that is, the federal Department of Labour for each of the provinces, so that this equipment, bought under this table, is given to the provinces in accordance with their requirement, for the Canadian Vocational Training Program.

Mr. MURPHY: You use the word "given"?

Mr. Low: The point is, Mr. Murphy, there is a financial arrangement with which I am not too familiar. Let me be quite specific. If the province of Manitoba is organizing a vocational training program for ex-service personnel—then the Manitoba government, the provincial Department of Education in Manitoba, by some arrangement with the federal Department of Labour, makes these purchases. Beyond that I cannot go.

Mr. MURPHY: You do not know at what price the provincial governments buy these things?

Mr. Low: There is an arrangement; but this Canadian Vocational Training Program has nothing to do with the plan referred to by the Hon. Mr. Howe in his letter to Dr. Phillips, nothing to do with it at all.

Mr. STEWART: Could we adhere to your original suggestion, Mr. Chairman. I think, in fairness to the witness, he should be allowed to present his case before being questioned.

The CHAIRMAN: I think we are all in accord with that thought, as expressed by Mr. Stewart. I shall attempt to carry it out because this was your wish. If you want to go back on your wish, you may do so, and that would be all right; but I think we should follow along the line first suggested. Will you please proceed, Mr. Phillips.

Mr. HOMUTH: We are not going to be shut off. Mr. Low has told us about the purchases from War Assets for vocational training schools. Am I correct in



assuming that there is a difference between the vocational schools that are being established by the provinces for ex-service personnel and the vocational schools as represented by the C.N.E.A.?

Mr. Low: That is correct, sir.

Mr. HOMUTH: So that the amount of money that was turned over, that \$2,000,000 and some hundreds of thousands of dollars, was not turned over to the general educational institutions of this country, but just where special schools were being established.

Mr. Low: To this extent, Mr. Chairman, that the amount which I mentioned previously, namely, \$341,522.90 was turned over to the general schools.

Mr. SHAW: That is all we are interested in, Mr. Chairman.

The CHAIRMAN: That was contained in that list. Gentlemen, will you kindly either address the chair or address your questions to the witness.

Mr. MARIER: Is it not fact that in certain provinces they are using vocational schools already established by the provinces to further the program of the Canadian Vocational Training Program?

Mr. Low: That is quite correct, sir.

The CHAIRMAN: If you wish to recall Mr. Low later, that would be fine; but in the meantime, will you please carry on with Mr. Phillips the witness of the day.

The WITNESS: I would just like to state our position. I will state at once what we would really like this committee to recommend, and then repeat it just a little later on. We, in the C.N.E.A. have no existence of our own. We do not want to get anything by purchase or indefinite loan. Although I do get things on indefinite loan, I am simply an agent for somebody else. But we are trying to find some workable plan whereby these war surpluses that are instructionally useful can be got to our schools. We have tried to suggest plans whereby it can be done and to consult various people and to get various points of view.

Anybody who puts forward a plan places himself on a spot and leave himself open to attack on that plan; but this is what I think would be best for this committee to recommend right now in the best interests of education and in the best interests of the people as a whole. First, I would recommend, that the committee recommend the extension of the category of articles available upon indefinite loan, include such articles as contained in the intermediate category. According to my understanding, this is the way in which War Assets Corporation operates. They have screeners who look at certain material which they have in surplus and say, "This material is saleable," and they will market it; then they will look at other material and say, "This does not appear to be saleable" and we will place it in storage in the meantime. We, in the schools, would like a chance to get at that material. Such material would include articles which they do not think are saleable, so they put them into storage pending disposition. I would like to see that education gets the right to have that doubtful category, rather than to have it put into a storage house.

Secondly, I should like to be regarded as a wholesaler and to receive an adequate discount. I suggested before, a 40 per cent discount, but we would have to work the thing out to see how we could handle it. We could pass on all the benefit to education; but we would have to see what is available and work it out in detail. We believe that we should be treated as a wholesaler and receive a wholesaler's discount. Those are the two things that I ask.

Mr. GOLDING: Do you mind reading for the benefit of the witness, the reference of the House to this committee.

The CHAIRMAN: Would it be agreeable to you, Mr. Golding, to hear the witness first?

Mr. GOLDING: No, I think the witness should have the benefit of hearing the terms of reference from the House to this committee.

The WITNESS: I will read the terms of reference at the end of the session, if you wish.

Mr. GOLDING: Just read it, because I think you should.

*By Mr. Cote:*

Q. Has the witness concluded his statement?—A. No, I have not. I have one or two things more.

The CHAIRMAN: For the benefit of the witness, Mr. Golding has in mind that the reference is not broad enough for us to make a recommendation that would reduce the revenue to the government or to the country.

Mr. GOLDING: What I have in mind is that I believe the witness himself, before making a recommendation to the committee, should be conversant with the reference from the House to this committee.

Mr. SHAW: May I repeat what I have said on previous occasions; it is extremely doubtful whether this recommendation would involve what might prove to be a lessening of revenue to the dominion government. Therefore, I believe the witness has a perfect right to proceed and that he should not be stopped on the ground that it is a lessening of revenue. It is my view that we are losing more money by storing these goods in the intermediate group than we would by releasing them for sale.

*By Mr. Golding:*

Q. Have you read the reference carefully?—A. No, sir; the chairman just put it in front of me. May I be permitted to finish?

Mr. COTE: I think your point rests within the discretion of the members of the committee here; but I believe the witness should be allowed to go on with his statement and make any suggestion he feels like making in regard to surplus war materials.

Mr. GOLDING: But he should be familiar with the reference before making any recommendations. That is my opinion; but I may be wrong.

*By Mr. Stewart:*

Q. The War Assets Corporation sold these assets to private companies, bearing in mind not only the financial end of it, but the social benefits that would accrue.—A. Those are the two proposals that have been made to the Department of Reconstruction and to War Assets Corporation. Both have been rejected. It is for that reason I attempt to inform more and more people of the position of education, because I do not think that to the people of Canada it is a sufficient answer to say that certain proposals violate a policy that has been laid down. I will admit that they do violate that policy, but I would ask for a change of policy. It would require only a minor change of policy. I think we have done everything possible to fit in with the policy of the government in asking for that. What would commerce and industry think about this idea of giving certain articles that might be sold. What would they think of that? Well, for that reason I asked the Canadian Chamber of Commerce the question and they wrote to Mr. Berry at the time we were asking for motion picture projectors and other things upon indefinite loan. I shall read enough of their reply to you to enable you to appreciate both points of view.

*By Mr. Murphy:*

Q. Well, read it all.—A. Very well, I will.

Q. I would like to see both letters on record.

The CHAIRMAN: Your letter to the Chamber of Commerce and their reply.

The WITNESS: Well, as a matter of fact, I am afraid that my letter would be too long. The fact is, they asked me to submit a whole brief to the Canadian Chamber of Commerce. I can produce it, but it is several pages in length.

Mr. MURPHY: Then, I think what the witness has said would be acceptable.

Mr. McILRAITH: Would there be any objection to his reading his material without it being printed?

The WITNESS: No.

*By Mr. Cote:*

Q. What are the dates of your memoranda to the Canadian Chamber of Commerce?—A. The dates are: October 25, 1945, and November 13, 1945. The following memorandum I think explains our position.

This is a request that the Canadian Chamber of Commerce champion the cause of education and the taxpayer by stating publicly, frequently, and emphatically that W.A.C. should turn over useful instructional equipment to the schools and universities rather than sell it to others for other purposes.

That is our position. The Canadian Chamber of Commerce does not do things just because somebody asks them. The two memoranda read as follows:—

### THE CANADA AND NEWFOUNDLAND EDUCATION ASSOCIATION

#### MEMORANDUM TO THE CANADIAN CHAMBER OF COMMERCE ONTARIO DIVISION

October 25, 1945.

Attention of  
Mr. C. SYD MATTHEWS.

During the war emergency the schools of Canada—and the technical schools in particular—put their equipment at the disposal of the dominion government to train skilled or semi-skilled workers for industry and the armed services. These schools are now badly in need of replacement equipment such as is now coming into the hands of the War Assets Corporation.

Educators throughout the country claim, therefore, that the War Assets Corporation should turn over to the schools without charge equipment useful for instructional purposes such as machine tools, motion picture projectors, radio receivers, and typewriters. In other words we want W.A.C. to put such equipment in the category of articles available *on indefinite loan* to educational institutions. So far the only things that the schools have been able to secure on indefinite loan have been non-saleable and practically worthless junk or scrap.

There are two other good reasons that the schools should receive useful equipment gratis:

- (1) The public has already paid for this equipment through dominion taxes and loans and should not be required to pay for it again through provincial taxes.
- (2) Giving such equipment to the schools is the best way of preventing its sale from reducing the market for such equipment, since the schools always need far more of it than they can afford and will in spite of W.A.C. gifts buy from regular sources as much additional equipment as they can pay for.

The Dominion Government and W.A.C., however, are not as impressed by the representations of educators as they would be by a strong group of business men and industrialists.



This is a request that the Canadian Chamber of Commerce champion the cause of education and the taxpayer by stating publicly, frequently, and emphatically that W.A.C. should turn over useful instructional equipment to the schools and universities rather than sell it to others for other purposes.

If the Ontario Division of the Canadian Chamber of Commerce gives its approval to this request, I shall be glad to furnish further information. Please let me know also how an effective approach might be made to the national organization of the Canadian Chamber of Commerce, or to branches outside Ontario.

CHARLES E. PHILLIPS,  
Secretary-Treasurer, C.N.E.A.,  
677 Dundas Street West,  
Toronto 2B, Ontario.

## THE CANADA AND NEWFOUNDLAND EDUCATION ASSOCIATION

### MEMORANDUM TO THE CANADIAN CHAMBER OF COMMERCE ONTARIO DIVISION

*Pursuant to Memorandum dated October 25, 1945, on the Schools  
And War Assets*

Attention of:—

Mr. C. Syd Matthews

November 13, 1945.

The memorandum dated October 25, 1945, asked the Canadian Chamber of Commerce to support the claim of educators:—

That the dominion government, through War Assets Corporation, make available to schools and universities without charge or, on indefinite loan, equipment useful for instructional purposes, such as machine tools and hand tools, motion picture projectors, radio receivers, and typewriters.

The memorandum explained that this could be done by having War Assets Corporation place such equipment in the category of articles available to educational institutions on indefinite loan (i.e., in effect, gratis). The memorandum explained further that equipment and materials now offered to educational institutions on these terms include only non-saleable articles and scrap.

Mr. Matthews has informed me by telephone that this last statement was challenged at an executive committee meeting of the Canadian Chamber of Commerce at Montreal. On the basis of this reputation the executive committee of the Canadian Chamber of Commerce took the position that education was already getting instructional material on indefinite loan and that there was no need to ask the dominion government or War Assets Corporation for further concessions. If this were true, there would be no reason for these memoranda.

Unfortunately, it is not true.

### *Here Are the Facts*

(1) Before making any disposition of articles declared surplus, War Assets Corporation screens such articles into three categories: A—saleable; B—doubtful; and X—non-saleable or scrap.

(2) Materials or equipment available to educational institutions on indefinite loan belong to category X. (See paragraph 4 of the attached mimeographed circular issued by War Assets Corporation under date of August 22, 1945.)

(3) It is true that some of the equipment offered to educational institutions on indefinite loan cost a great deal of money to produce. (See, for example, the attached circular issued by War Assets Corporation under date of September 8, 1945.)

But few schools have either storage space or use for aeroplanes, which, incidentally, can neither be flown nor sold. Only in rare instances do non-saleable articles have any appreciable value to educators or to anyone else.

(4) Every provincial department of education has appointed at least one representative to deal with War Assets Corporation. One representative from each province and the undersigned secretary-treasurer of the Canada and Newfoundland Education Association constitute an interprovincial committee on War Assets (in relation to the schools). Early in October the members of this interprovincial committee submitted answers to the question: "Have you come across material on indefinite loan which would be useful to the schools?" Here are the answers with the names and addresses of the representatives given in each case:—

*Prince Edward Island*—"To date we have not come across any material offered on indefinite loan that would be useful in schools."

Mr. E. S. Chandler, Technical Adviser,  
Provincial Department of Reconstruction,  
Charlottetown, P.E.I.

*Nova Scotia*—"I received two lists from War Assets Corporation describing equipment and materials available on loan for indefinite period to educational institutions. One list contained an inventory of drafting tables and special desks for drafting rooms said to be available at the Clark Ruse Aircraft, Dartmouth. I immediately got my superintendent of stores to visit the plant to see if these would be of use to the Technical College where we are in urgent need of drafting desks. He found, however, that all of this equipment had been declared scrap, and had been given away to the Country Home to be used as kindling.

Dr. F. H. Sexton, Director of Technical Education,  
Department of Education,  
Halifax, N.S.

*Quebec*—"A certain quantity of material has been ordered to us on indefinite loan by W.A.C. but we found out that the material had already been taken by scrap dealers."

Mr. Hector Beaupre, Director of Technical School,  
Sherbrooke St.,  
Montreal, Que.

*Ontario*—"Much of the material which has been offered to us on indefinite loan is of no value to the schools, as it consists of tools, jigs, fixtures, and similar equipment made for special production work. In some cases where these are small we have accepted them for illustrative purposes."

Mr. Ewart Davies, Inspector of Vocational Schools,  
Department of Education,  
Toronto, Ont.

*Manitoba*—"We received our first list of materials on indefinite loan last week, and have indicated the amounts we could use profitably in provincial schools."

Mr. R. J. Johns, Director of Technical Education,  
Department of Education,  
Winnipeg, Man.

*Saskatchewan*—"The War Emergency Training Program in Saskatchewan had on loan from the R.C.A.F. a number of aero-engines for instructional purposes. These were for the most part obsolete. When training for the R.C.A.F. under this arrangement ceased, the three technical schools in the Province retained two engines—one in line and one radial. Recently War Assets requested information as to whether or not they desired to have this equipment on definite loan, and I understand that the reply in each case was in the affirmative."

Mr. W. A. Ross, Regional Director,  
Canadian Vocational Training,  
Department of Education,  
Regina, Sask.

*Alberta*—"Yes. I am enclosing a Radio and Aircraft list, dated September 8th, received from W.A.C. locally. You will note there is a minimum of information as to the article or location."

Mr. J. H. Ross, Regional Director,  
Canadian Vocational Training,  
Hudson's Bay Building,  
Calgary, Alta.

*British Columbia*—"No."

Col. F. T. Fairey, Director of Technical Education,  
Department of Education,  
Victoria, B.C.

*New Brunswick*—submitted no definite answer, but the name of the provincial representative is:—

Mr. B. W. Kelly,  
P.O. Box 518, 56 Germaine St.,  
Saint John, N.B.

If the executive committee of the Canadian Chamber of Commerce is still not convinced about the nature of equipment at present made available to the schools on indefinite loan, I would suggest consultation with the persons named above.

(5) What the schools want is instructional equipment of value, such as machine tools and hand tools, motion picture projectors, radio receivers, and typewriters (for use in commercial classes). To confirm this fact it is necessary only to ask any interested administrator: for example, in Toronto—Mr. F. S. Rutherford, Director of Vocational Education, Ontario Department of Education, AD. 1211; or Mr. C. H. R. Fuller, Business Administrator, Board of Education, Toronto, WA. 7661. The fact that instructional materials of this type are not available to schools on indefinite loan under present W.A.C. policy will be confirmed by any War Assets Corporation official or any educator.

I hope that the facts as stated in the memorandum dated October 25th may be taken as established.

#### *Immediate Action Is Necessary*

A committee of the House of Commons on war expenditures begins its meeting today. This committee will consider the disposition of war assets and its recommendations may determine finally the government's policy with regard to instructional equipment for schools. Educational agencies across Canada are submitting the claim of the schools to Hon. Mr. C. D. Howe and to this committee.



*But Education Needs the Support of Influential  
Well-Wishers in Commerce and Industry*

*The Canada and Newfoundland Education Association therefore urges the Canadian Chamber of Commerce to support organized education in this demand that:*

That the Dominion government, through War Assets Corporation, make available to schools and universities without charge or, on indefinite loan equipment useful for instructional purposes, such as machine tools and hand tools, motion picture projectors, radio receivers, and typewriters.

To give the needed support, the Canadian Chamber of Commerce should, as soon as possible, submit this recommendation to the chairman of the war expenditures committee, House of Commons, Ottawa, and to the Hon. Mr. C. D. Howe, Minister of Reconstruction, House of Commons, Ottawa.

*Support for this Claim of Education  
is in the Best Interests of Commerce and Industry*

1. Because a gift of machine tools, hand tools, and typewriters will expand and extend present meagre facilities for technical and commercial education.

2. Because this gift will not reduce but increase future purchases of such equipment by the schools. For example, only a few schools have typewriters for instructional purposes now, although every school should give some instruction on the typewriter, and once practice is established the demand for typewriters in school and out of school will increase.

3. Because a gift of motion picture projectors and radio receivers will establish the use of visual and audio aids of the most effective type, and not only improve instruction but increase the demand for equipment of this kind.

4. Because education and commerce and industry can and should work in closer harmony to their material advantage and to the advantage of society, whereas the present policy of government with respect to war surpluses sets the alleged interests of business in opposition to the claims of education.

Thank you in anticipation of an early reply. The Directors of the C.N.E.A. meet in Toronto on November 19-20th.

CHARLES E. PHILLIPS,  
Secretary-Treasurer, C.N.E.A.,  
677 Dundas St. W.,  
Toronto, 2B, Ontario,  
EL. 8066.

And I would read the following letter:

February 22, 1946.

Mr. J. H. BERRY,  
Chairman,  
Crown Assets Allocation Committee,  
Building No. 4, Lyon Street,  
Ottawa, Ontario.  
DEAR MR. BERRY,—

The executive committee of the Canadian Chamber of Commerce wish to recommend to your committee, that in the disposal of certain types of crown assets declared surplus by the armed services, special consideration be given the needs of educational institutions.

The executive committee are aware of the present arrangements for the disposal of surplus stores and the special arrangements for granting non-saleable or scrap goods to educational institutions "on indefinite loan". They recognize the necessity to control the flow of surplus assets to markets and to recover for the taxpayers as large a share as possible of the original investments in crown assets. They do nevertheless see merit in the point of view expressed by educational authorities that certain types of surplus assets which could be classified as "instructional equipment", although commercially saleable, should be granted to educational institutions for their use free of charge.

Surplus equipment such as motion picture projectors, typewriters and similar technical equipment could be used by schools for the training of students without infringing on the existing markets for similar goods. An indirect benefit would be an increase in the future supply of trained operators and wider familiarity with the utility of such equipment.

The executive committee in the interest of increased training facilities, authorized a recommendation be forwarded to Crown Assets Allocation Committee as follows:—

That a special category of surplus goods classified as "instructional equipment" be established which goods could be granted to educational institutions on indefinite loan, and that a special committee representative of War Assets Corporation, the armed services and educational authorities be set up to prepare an appropriate list of such goods.

Yours sincerely,

(Sgd.) D. L. MORRELL,

*Secretary.*

This copy that I have here contains the circular to the National Board of Directors. It is itself a copy of the letter which has been sent to the members of the Chamber of Commerce. We believe that all sections of the public agree that the schools should be provided with this surplus accumulated equipment that can be used for educational purposes. We believe that much more profit would accrue to the people of Canada by turning this material over to the schools which need it so badly rather than by selling things of no very great value in themselves. I do not recommend buildings and for that reason we make this request. I have tried to put these cases before you as I have put them before the government and the members of this committee, as well as before the members of the House of Commons because questions are constantly being put to me by other people, in the same terms.

The existing situation is that we are getting very little for these schools by purchase. It is true, however, that in two provinces, Ontario and Quebec, we are getting a quite large quantity by weight of materials upon indefinite loan, for example, milling cutters of a non-standard type which cannot be used by industry but which, through great ingenuity on the part of the instructors, can be adapted for training youngsters. Those are borderline cases, although we are glad to get them. We have this interprovincial committee to distribute the stuff among the provinces. I say this with fear and trembling, because this stuff, in proportion to its weight, is of relatively little value. I am getting letters back complaining about the freight charges. You cannot distribute this material unless it is of a value to warrant the freight charges. Somebody has to pay them.

It is all very well for the Ontario Department of Education to go down to the John Inglis plant and take the material away, or in Montreal, but it has to be worth something if it is to be distributed across Canada. That is

something we are constantly running into, namely, two high freight rates upon material that is secured upon indefinite loan. So we need something better; and the best method I could suggest that would fit in with the policy of War Assets Corporation is: (a) Extend the category of articles available on indefinite loan just one little bit further to include that intermediate category. I do not think that would add to the cost because you have to pay storage on those things anyway. (b) Grants to educational institutions at wholesaler's discount. I doubt if that would add to the cost in the long run.

The CHAIRMAN: The witness has now finished his presentation and is prepared to answer any questions.

*By Mr. McGregor:*

Q. The statement was made the other day that these organizations had refused to pay the freight charges, the reason being that the material in question was only scrap so they did not feel it was worth paying freight charges on it.—A. It was not our institution; it may have been one of the provincial departments of education to which you refer; but if that was the case, then the reason would be that the material did not warrant the freight charges.

The CHAIRMAN: Do you refer to the engines as advertised?

Mr. MCGREGOR: I do not know what it was. It was something that came up here the other day. I think it was about equipment on the outside of engines; but the question came up that a department refused to pay the freight charges. If they were shipped just a bunch of scrap, that would not be worth the freight charges, and I do not blame them.

The WITNESS: In Regina I saw one official who has to deal with the War Assets Corporation carrying around a bill for \$300 freight charges which he could not get any department of the government to pay. The stuff was in the warehouse. I know the freight charges are high in British Columbia as well as Manitoba. That is the basis of it.

*By Mr. Murphy:*

Q. The other day, just as we were closing, there was a contentious question with respect to the finances of these organizations. I would like to ask the witness this question: first, you have money available from the different departments of education with which to purchase goods?—A. Yes, sir.

Q. That settles that. And you are in a position to give a fair allocation as requested by the departments of education?—A. Yes, sir, we have that authority.

Q. If you were to obtain this equipment, would you assume the responsibility so as to see that there was a fair allocation of it?—A. Yes, sir.

Q. You are unable to do this unless you get a discount?—A. That is right, sir.

Q. Do you know, as a matter of fact, if the other wholesalers do get a 40 per cent discount?—A. No, I do not know.

Q. Who can answer that question?

Mr. McILRAITH: I could answer that now. The answer is "no".

Mr. MURPHY: What do they get?

Mr. McILRAITH: It depends on the particular item you are speaking about. The 40 per cent, so much discussed here, comes from Mr. Phillips reference to regulation 14 of the United States surplus disposal. It is not related to any Canadian operations. That is correct, is it not?

The WITNESS: Yes, that is correct.

Mr. MURPHY: Could you tell us what the wholesaler's discount is from War Assets Corporation?



Mr. McILRAITH: I could not tell you that. I do not know it well enough.

Mr. STEWART: What is the wholesaler's mark up?

Mr. MURPHY: War Assets Corporation sets a price and then it gives the wholesaler a discount off that price.

Mr. McILRAITH: There is no discount on most of it. I think there is a discount on machine tools of 12½ per cent; but on most of the goods there is no discount at all.

Mr. SHAW: It is a special price.

Mr. McILRAITH: There is a 12½ per cent discount on machine tools. That is hardly the perplexity here.

Mr. MURPHY: I have in mind a special price and a special discount off the manufacturer's price. The discount was a special price from War Assets Corporation, given on certain articles.

Mr. McILRAITH: It would be given on machine tools through the dealer.

Mr. MURPHY: Then the dealer has his own mark up. Are those people trying to get equipment from War Assets Corporation at the same price that dealers do?

Mr. McILRAITH: No, there is no relationship at all to their figure of 40 per cent commission from a formula that was worked out. It is not related to anything in the Canadian operations.

Mr. MURPHY: Is he getting away from this 40 per cent? You say, Mr. McIlraith, that some dealers do get 12½ per cent discount, or a special price?

Mr. PROBE: Both.

Mr. McILRAITH: On machine tools. What the organization is asking for here is 39-9/10ths off the War Assets Corporation list. I do not know whether they are still pressing the discount proposition; but if they are, it is a special discount over and above anything given; it is out of line with anything given to any others. I do not know to what extent they are still pressing it.

The WITNESS: I have striven for a further extension of the indefinite loan category to include typewriters, and so on. That was the reason they referred to typewriters and motion picture projectors. That is what we were asking for at the time.

*By Mr. Murphy:*

Q. Did you ask them to endorse your suggestion for a 40 per cent discount?—A. That would be a somewhat different proposition. We suggested this alternative of a discount because it seemed that the policy of War Assets Corporation was just adamant and that we could not break it at all.

Q. Then you feel, that, as a non-profit organization, in the interests of national welfare and in the interests of the country, that you should, in order to give service to the educational institutions free of cost, get a reasonable discount?—A. That is right, a substantial discount.

*By Mr. Bradette:*

Q. I believe that Mr. Phillips has made a very fine presentation indeed, and a very illuminating one. We are all in agreement that we should help education as much as we can although we realize that the federal government is rather limited in its scope. Mr. Phillips mentioned the fact that during the war vocational schools did a marvellous job in training men in emergency classes. I presume that was done by the federal government and not by the military departments?—A. Yes, jointly by the dominion government and the provincial governments. It was an extension of the former Dominion-Provincial Youth Training Plan.

Q. And it was done under a voluntary plan without any remuneration from the federal government?—A. Yes. I may be in error, but I believe the federal government did pay the whole cost of instruction.

Mr. Low: As I said before, since I am asked, this whole business of financial arrangements within the War Emergency Training Program, as it was known during the war, and within the vocational training program, as it is now, was for ex-service personnel. The whole financial arrangement is such that I would not like to comment on it; I would not like to say what it is.

*By Mr. Bradette:*

Q. We are dealing now with financial matters and that is why we have in our minds what has been done and accomplished. You have to put the two together. Otherwise the impression might be created that it was done absolutely on a voluntary basis by the schools themselves, by the provinces. I want to be very clear on that.

Mr. Low: There was very definitely financial assistance given by the federal government.

*By Mr. Bradette:*

Q. The big point brought out by Mr. Phillips was that equipment was worn out, which was only natural, after being extensively used for the purposes you mentioned. Was there any provision made for the replacement of such equipment, even during wartime, for vocational purposes or for training?—A. No, not during wartime. I would point out the action of the Department of Labour in P.C. 16 indicating, I think, a tacit understanding existing; because the Department of Labour in good faith, just a few months ago, did introduce this P.C. 16 whereby they would pay that 75 per cent; and I would point out that while the intention is good, the results are nil, or practically nil up to now.

Q. Was there a replacement of equipment which was used for these training purposes during the war?—A. To my knowledge, none, by and large. The answer is "no".

Q. So it would be correct to say that the equipment is now worn out, or practically worn out?—A. Yes.

Q. You are bringing in three recommendations: (a) An extension of the indefinite loan. I believe we understand that fully. You want it to be enlarged to a certain extent. I am in absolute agreement with you. Now your second recommendation is to make a distinction between saleable and non-saleable articles which might be extended to the intermediate category. What is that?—A. That is an extension of the category upon indefinite loan to that class of goods. Our original proposal was that the category of indefinite loan be extended to include typewriters, motion picture projectors, and so on. But since that seems to be too much to ask, we now ask that the category of indefinite loan be extended only to the intermediate category, that is, articles which are not clearly marketable as saleable, or non-saleable.

Q. Have you any idea or could you give us a very brief list and so on of say, half a dozen such articles?—A. No, I could not; but I have heard there are a good number of things that might be of more use to the schools than some of the things that we are getting.

Q. Has your organization made any representations to War Assets Corporation with respect to intermediate category? I believe that would be important I believe that members of the committee would be satisfied to see an enlargement of that list.—A. I have made no representation in writing on that, I made it orally to Mr. Berry during my interview.

Q. Would it be possible to have a complete list of that nature in the not far distant future, a list with which the committee might deal?—A. Yes.

Q. Now, your third recommendation is that you feel you should be regarded as a wholesaler and receive a wholesaler's discount. I have some knowledge of a small school board. In my home town our school board does receive the wholesaler's discount when it buys something on the market. I can see no objection why that discount could not be extended in your case because, whether it is in the city of Toronto or in my own little town of Cochrane, the school board always gets a wholesale price.

Mr. McILRAITH: Was Assets Corporation only sells at wholesale.

Mr. BRADETTE: I know that; but take stationery, for example. They get a wholesale price on stationery.

Mr. McILRAITH: War Assets Corporation sells only at the wholesale price, and the request is for 40 per cent reduction on the wholesale price.

Mr. BRADETTE: I would not hold too much for the 40 per cent reduction, when your department asks for a definite discount. We are all in sympathy with anything an educational organization may request although we have, to some extent, to be practical as well. A 40 per cent discount is something which, generally speaking, a school board would not get in ordinary trade.

Mr. McILRAITH: That would be from the retail price; but what we are talking about is a discount off the wholesale price.

Mr. BRADETTE: Mr. Phillips wants to be put in the same category as the wholesaler.

Mr. McILRAITH: No, no, that is not the request.

Mr. PROBE: Well that is my understanding.

Mr. BRADETTE: And that is my understanding too. I understood that Mr. Phillips wanted to be placed in the same position as Greenshields Limited or Hugh Carson Limited here in Ottawa, and have the right to buy as a wholesaler.

The WITNESS: Yes, sir. We wish to pass the benefit along to the educational institutions. Such a discount would have to be sufficient and substantial to enable us to do that.

Q. You mentioned a few moments ago a fine letter sent by the Chamber of Commerce in Montreal. You should realize that the Chamber of Commerce has had many many opportunities to criticize the government for high taxation as well. I understand you want to be placed in the same position as a wholesaler?

Mr. COTE: What does the witness mean by the word "discount", bearing in mind that the corporation does not grant any discount to wholesalers?

Mr. PROBE: He is not in a position to answer that particular question.

The CHAIRMAN: I am not losing sight of your question, Mr. Cote, but Mr. Bradette is on his feet.

*By Mr. Bradette:*

Q. I want to be sure just what the request is because we all are in favour of the organizations with which Mr. Phillips is connected, and we want to do all we possibly can; but at the same time our order of reference limits our scope of action. I think we would like to be fair to education. What I am not very clear on is: I would not like to see the organizations represented by Mr. Phillips—when it comes to the disposition of goods, goods that are saleable and recognized to be saleable, and are put on the market—after a preference has been given to your organization, the provinces and the federal government, still have more preference than anybody else. Is that what you have in mind? —A. On certain goods. What we essentially want is to get this war surplus goods to the schools. We thought that the right way to do that would be to ask for a broad extension of the category of indefinite loan. Maybe that is



the right way; but when I talked to the Minister of Reconstruction it appeared to be an impossible way. It did appear possible that we might get a concession. That was my understanding of it. But the first time the word "discount" was used was when the Minister of Reconstruction said to me that the C.N.E.A. might be treated as a wholesaler and receive a wholesaler's discount. That is the alternative as far as we are concerned. I am asking for it, not because I think it is better than extending the category of indefinite loan to get us certain things, but because it seems to be more in accordance with the policy of War Assets Corporation, and in order to facilitate the process of getting these goods to the schools now. As to the amount of discount, that would be determined. We do not want to go into business and we are not interested in the matter on any profit or loss proposition at all; but if the discount is substantially large, it means that the school boards could purchase through us what they want and could not purchase any other way.

Q. In Mr. Phillips' letter of January 22 addressed to the Minister of Reconstruction, the first paragraph reads as follows:—

The Canada and Newfoundland Education Association hereby makes formal application for the right to a discount of 40 per cent on purchases from War Assets Corporation made on behalf of educational institutions.

This is very vague because, when you deal with trade terms you have a wholesale price, a retail price, and a manufacturers' price; so that term to me is not clear enough.

Mr. MARIER: This has nothing to do with War Assets Corporation, because War Assets Corporation fixes only one price.

Mr. BRADETTE: But War Assets Corporation has a wholesale price and a retail price.

Mr. McILRAITH: No, they have no retail price.

Mr. BRADETTE: In setting 40 per cent, you would be satisfied, even if it was reduced somewhat, even drastically? I am glad that I am clear in my mind in that respect. You mentioned the objection to high freight charges. We know that complaints might be raised in connection with freight shipped to every section of Canada. It is generally applicable to every section of the country. There was an objection stated in respect to certain equipment, that they did not wish to pay a freight bill of from \$300 to \$400. It might have been due to two causes, the first cause being from the shipping point of view and the second cause with respect to the bulk of the machinery. Two witnesses enlarged on those objections as to not paying freight charges.

The WITNESS: It was a combination of things. In one case it was an aeroplane engine which, obviously, is a heavy thing and which although it is useful in a way, in order to show the construction of an internal combustion engine, and any school would be glad to have it, nevertheless, it has a limited price. You would not want to pay too much for it. Then again, in the case of shipments of radio transmitters and receivers, not of a standard type, but of a R.C.A.F. type, they had to go a long way, all the way out to the coast. Some of them were incomplete. In some cases the receivers were not in the boxes. There was one objection there to the freight charge of some \$600 odd.

*By Mr. Bradette:*

Q. Educational organizations fully realize that freight charges are a standard rate throughout Canada.—A. Surely.

Q. I would like to thank the witness for the answers he has given me. We must realize that no doubt the Chambers of Commerce of Canada have made representations in favour of hospitals and other kinds of institutions. I know of a certain organization which made a special request through the Board of

Trade of its own locality to War Assets Corporation. This request should be heard and stated; but I think the witness should realize that with all the good will in the world, and as watch dogs of the War Assets Corporation and of the finances of this country, we have to be logical. We are quite willing and ready to do all we possibly can within limits and to do all we can under the circumstances on behalf of our educational organizations.

*By Mr. Marier:*

Q. About these vocational schools in the different provinces, those are schools maintained by those provinces?—A. The ones I referred to, yes; they are maintained by school boards, with grants from the provinces. There are only a few that are maintained by the provinces.

Q. I refer to those in the province of Quebec which we call technical schools and forestry schools. They are maintained at the expense of the province?—A. Yes, either they are supported that way, or at the expense of local school boards. It depends.

Q. At some of those schools you state—

Mr. SHAW: I should like to point out that in the provinces they have established, since the cessation of hostilities, huge vocational training centres or schools. I know that we have a very large one at Red Deer which, no doubt, has received a tremendous amount of equipment. The school is specifically for service personnel. It did not exist before the war, so I presume that a lot of the material that is presumed to have gone to Alberta has gone into a large institution of that nature, which has nothing to do with the general field of public education.

The CHAIRMAN: That is clearly set forth in the table.

Mr. SHAW: It does not mention the new schools that have been established.

*By Mr. Marier:*

Q. I refer to the old schools that existed at the beginning of the war. I refer to those in the province of Quebec maintained by the provincial government.

The CHAIRMAN: The same thing applies in Nova Scotia.

*By Mr. Marier:*

Q. You said that the material has been worn out during the war. Are you familiar with any or many of those schools, some of which have been enlarged at great expense by the federal government during the war?—A. No, sir.

Q. And do you know that in many cases material, instead of being worn out, has been replaced or repaired by new material which was donated to those schools during the war by the federal government, and in many cases those schools are in a better position now than they were before, from a material standpoint?—A. I have no written summary; I could procure one; but the story that the provinces had given to me is that which I gave to you. I could, no doubt, get lists of things they have received.

Q. This is information I received in many cases; for example, in Montreal and other places where the schools have been enlarged at the expense of the federal government, they now have better material equipment than they had before the war.

Mr. SHAW: But their material has been worn out in the meantime.

*By Mr. Marier:*

Q. My information is that materials have been replaced or repaired, and that new material has been furnished by the federal government during the time they were using the schools for war purposes. You are not familiar with those facts?—A. I am under the impression that the replacements are nothing like the things worn out.

Q. Those schools are under the control of provincial governments, and those governments have a priority to buy all the machine tools and anything else they want for their schools from the War Assets Corporation at a general price, or at a price fixed by War Assets Corporation.—A. They can buy it if they can find it, yes.

Q. Like any other wholesaler or any other industry?—A. Like an individual, but with a provincial priority.

Q. If you give to your organization a discount of 40 per cent to buy that material, that would be for the benefit of the schools which are maintained by the province, or by a grant of the province; and this benefit of 40 per cent would go to the provinces as a rule?—A. Shall I answer the question, Mr. Chairman?

The CHAIRMAN: That is a question.

The WITNESS: In a great many cases, in most cases, the schools would benefit; otherwise they would not get the material at all. Take the motion picture projectors. The big argument is that we would get motion picture projectors for the schools that otherwise would not have them. Take the typewriters as well.

*By Mr. Marier:*

Q. But the schools which are maintained by the provinces, if you give a discount to your organization of 40 per cent for the benefit of the schools which are maintained by the provinces, it would be indirectly a loan or subsidy to the provinces for educational purposes.—A. I do not think so, sir. I would look at it the other way. I put it to you that the schools would be unable to purchase and acquire things; they would not otherwise be able to acquire them.

Mr. PROBE: It would enable the acquisition of materials by the schools in other provinces, whereas Ontario and Quebec seem to have the bulk of this material now.

*By Mr. Marier:*

Q. The province of Ontario may buy from War Assets Corporation material which is necessary for their schools, for the schools which are maintained by the province, if such material is available?—A. Yes, together with the comment of a considerable "if". The province of Ontario has had a man on full-time, but now he is only on half-time for that very particular purpose; but apart from buildings, they have not been able to buy very much.

*By Mr. Marier:*

Q. I refer not to buildings but to typewriters, machine tools, and so on, that are at the disposal of the trade at the present time by War Assets Corporation, and they can be bought by any province at a price fixed by War Assets Corporation.—A. The same as anyone can buy them but with a provincial priority.

Q. If there is a discount of 40 per cent, provided for the province buying these tools and machinery, it would be indirectly a subsidy or grant by the federal government to the province.—A. That is not the way things work in education. Schools never have as much as they need; the province would spend the same amount as it spends now.

Q. But if we give 40 per cent discount to the province to buy material to be used in the schools, it would be a subsidy, or an indirect subsidy or benefit, to the province which is obliged to provide for education in the province because it is a provincial matter not a federal matter, the matter of education; you admit that, Mr. Phillips?—A. No, sir.

Mr. PROBE: I object to this type of discussion going on as developed by Mr. Marier. Mr. Merier is trying to show that the federal government has no



right to interfere with provincial matters. But the point that has been brought out, as I see it, is that priority groups like schools should receive a price concession, not like the present priority concessions.

The CHAIRMAN: Are you going to develop a new thought?

Mr. PROBE: No.

The CHAIRMAN: You are taking exception to the very fine development of Mr. Marier's point?

Mr. PROBE: That is right. His thesis was an excellent one, but the point is that I think we are getting away from the point.

Mr. GOLDING: It is too effective.

Mr. PROBE: Yes, if you are going to argue provincial autonomy in education; but if it is a matter of disposing of surplus, and that is what we are trying to decide, the question is whether or not a group such as an educational institution has any financial or moral right to the same treatment as manufacturers or wholesalers. That is all I can say.

The CHAIRMAN: Thank you.

Mr. McILRAITH: What I have to say would take some time.

The CHAIRMAN: Not at to-day's meeting. Mr. McIlraith, unless the committee wishes to sit after one o'clock.

Mr. SHAW: I feel that it will take more than ten or twenty minutes for what I have to say. I feel that we should have the witness come back because some of us have not had an opportunity to cross examine him, and we feel intensely interested.

The CHAIRMAN: Is it your wish that Mr. Phillips be requested to stay over?

Mr. SHAW: That is my wish.

The CHAIRMAN: Until to-morrow?

The WITNESS: I have no reservations; I was counting on getting back, but I am willing to stay over, if the committee wish it.

The CHAIRMAN: Could you come back next Tuesday?

The WITNESS: Yes, I could come back next Tuesday.

Mr. MURPHY: When is the next meeting?

The CHAIRMAN: The next meeting will be on Tuesday at 11 o'clock, when Mr. Phillips will again be with us. Thank you, gentlemen, the meeting is adjourned.

Gov. Doe  
Can  
Com  
W

*Economics, Spec. Comm. on, 1946*

SESSION 1946  
HOUSE OF COMMONS

CA1 X02

-46 W12

SPECIAL COMMITTEE

ON

# WAR EXPENDITURES (AND) ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 28

TUESDAY, JULY 16, 1946

WITNESSES:

Mr. Charles E. Phillips, Secretary-Treasurer, Canada and Newfoundland Education Association, Toronto.

OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946







## MINUTES OF PROCEEDINGS

TUESDAY, July 16, 1946.

The Special Committee on War Expenditures and Economies met at 11.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Golding, Isnor, Marier, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary W.*).

*In attendance:* Mr. Charles E. Phillips, Secretary-Treasurer, Canada and Newfoundland Education Association, Toronto; Mr. C. H. R. Fuller, Business Administrator and Secretary-Treasurer of the Toronto Board of Education; Mr. C. Gaysie, General Counsel, Department of Reconstruction and Supply; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

The Chairman presented the Eighth Report of the Steering Committee as appears in this day's minutes of evidence.

On motion of Mr. Smith, paragraph (1) of item 4 in the said report was deleted and the following substituted therefor:

(1) That after hearing the two witnesses called for this day's sitting, namely, Mr. Phillips and Mr. Fuller, the Committee proceed with the next order of business as per the following paragraph (2).

The report, as so amended, was adopted.

Mr. Phillips was recalled and further examined.

Witness discharged.

The Chairman filed a communication from Mr. J. H. Berry, President, War Assets Corporation, submitting an answer to a question asked by Mr. McGregor concerning the leasing of Building No. 27 (Maintenance Building) at the John Inglis plant prior to the purchase of the building by Addison Industries.

It being 1.00 p.m., Mr. Fuller agreed to appear again before the Committee at its next meeting, and the Committee adjourned until Thursday, July 18, at 11.00 a.m.

R. ARSENAULT,

*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 16, 1946.

The Special Committee on War Expenditures and Economies met this day at 11.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will be good enough to come to order we will proceed with the business before us. First is the report of the steering committee which I would ask the clerk of the committee to read.

The CLERK:

TUESDAY, July 16, 1946.

Your steering committee met on Friday, June 12, and now begs leave to present its Eighth Report.

Your Committee gave consideration to the following matters which were dealt with as indicated in each case, viz:—

1. Communications from C. H. R. Fuller, Business Administrator and Secretary-Treasurer of the Toronto Board of Education, and others, requesting that the committee hear representations from a delegation of the board on the question of securing surplus equipment for instructional purposes.

Your steering committee has agreed that the board be permitted to make representations, and Mr. Fuller has been advised to be in attendance this day. Your committee was of the opinion that Mr. Fuller, in his official capacity could present the views of the board and that no other representatives of the board need be heard.

2. Questions by Mr. McLure relating to equipment from R.C.A.F. establishments in Prince Edward Island, declared surplus.

Your committee decided that most of the information required could be secured from the Department of National Defence for Air, and the clerk of the committee was instructed to submit the questions to the proper authorities.

3. A communication from Mr. Lalonde concerning a report appearing in "L'Action Populaire", of Joliette, P.Q., on June 13, 1946, alleging the wastage of equipment at the Joliette military camp.

Your committee has authorized the chairman to refer this newspaper report to Mr. Berry, President of War Assets Corporation, with the request that he make inquiries and report on these allegations.

4. Your steering committee discussed future procedure as concerns the activities of the main committee and recommends:—

- (1) That the inquiry into the disposal of surplus war assets be concluded following the hearing of Mr. Phillips and Mr. Fuller.
- (2) That the committee then proceed to inquire into the question brought up in the War Expenditures and Economies Committee and in the House during the 1945 session by Mr. Knowles, M.P., respecting the Commodity Prices Stabilization Corporation Limited and its former employee C. C. Cardoza.

All of which is respectfully submitted.

(Sgd.) GORDON B. ISNOR,  
*Chairman.*



The CHAIRMAN: Gentlemen, you have heard the reading of the report of the steering committee; what is your pleasure?

Mr. SMITH: I wonder if that third last sentence could be read again? Does that mean that after hearing the witnesses who are called for to-day we shall be deemed to be finished with War Assets Corporation?

The CHAIRMAN: In an effort to wind up as we go along the different sections of our reference it was suggested by the steering committee that no further witnesses with respect to War Assets Corporation should be called.

Mr. McCULLOUGH: Mr. Chairman, I would move that we include the word "temporarily" following the word "concluded". I do not believe this committee is ready to close off the investigation, but I do think that for the time being to facilitate and expedite the business of the committee it was the thought of the steering committee that we should pass on to the next section of our reference.

The CHAIRMAN: I do not think there was any thought of closing it out.

Mr. McCULLOUGH: That is the way it reads in the report of the steering committee as put before us.

The CHAIRMAN: As a committee we can go into camera and discuss at any length we desire any of the evidence that has been placed before us, and it was the thought of the steering committee that no further evidence would be called with respect to that phase of our terms of reference.

Mr. McCULLOUGH: But in case we should find any further evidence we thought we needed doesn't this report preclude us from calling witnesses.

Mr. MURPHY: I think a considerable number of questions that are on the order paper should be found some place in these minutes. I refer to questions that have not been answered. Surely witnesses are not going to be cut off at this time, surely we are to have that evidence, surely we are not going to be deprived of the right to bring anyone we want to hear before the committee. I understand this committee was appointed for a certain purpose. Let's carry on with that end in view.

Mr. COTE: Mr. Murphy made certain implications I do not like. There is no intention whatever of cutting off the investigations of the committee, but in my opinion the committee should proceed along the lines which were laid down by the steering committee in its first report to this committee wherein members indicated their desire to investigate into the activities of Crown Assets Allocations Committee, the War Assets Corporation, the Commodity Prices and Stabilization Board and the Wartime Prices and Trade Board. We still have a lot to do. We are now at that stage of the evidence where it has been suggested that the evidence of the activities of the War Assets Corporation may be concluded after our meeting this morning, so that we may proceed to an investigation of the next phase of our terms of reference, the Commodity Prices and Stabilization Board. There is no intention or idea of curtailing debates in any way on this matter; whether it is a matter of following a course of proceeding which our agenda committee laid down and proceeding in an orderly manner to our objective.

Mr. MURPHY: We would be very glad, Mr. Chairman, to go along with the other members of the committee. I think Mr. McGregor has a very important question which has not been reached and with respect to which he has been trying to get an answer for the last two month, at least since I have been a member of this committee. And one thing is certain, that one question is going to take more than one meeting, probably several meetings, in order to get the answer properly before the committee. It is going to be some time before we have concluded with the War Assets.

Mr. GOLDING: War Assets has nothing to do with those questions which related to the production of ships at different yards.

Mr. MURPHY: If the question is properly answered it has to do with the cost of ships as well as with the disposition of ships.

The CHAIRMAN: Gentlemen, you have before you the report of the steering committee.

Mr. SMITH: May I speak to that report?

The CHAIRMAN: Certainly.

Mr. SMITH: I can see no necessity for the steering committee telling this committee, or for this committee moving that something is concluded if it is already concluded; we do not need to put a sign on it and say it has been done. Now, for example, yesterday I received this sort of a letter, and it is from my own firm. A man by the name of Haddon had an arrangement with the people at High River under which he cut the hay on the R.C.A.F. property all during the war years, and that included the crop for the present year. In addition to that, that man has put in 160 acres of rye which would have been ready to cut in about ten days. Now comes along word that the property has been taken over by the War Assets Corporation—Colonel Harkness was of some assistance, being counsel for War Assets in the matter—and the other day this man goes over to look at his hay crop and finds that it has been cut by someone else, and this other man is going to cut his rye too. I am not suggesting for a moment that it is being done deliberately, but there are mix-ups of that sort. I have already seen the Minister of Transport privately giving him my file so that it might be straightened out. If in the opinion of the steering committee we have heard sufficient evidence for the moment, why can we not let the matter stand, and then if something turns up in the future we will still be able to deal with it. I merely mentioned this case in passing, not to take up the time of the committee, but to illustrate my point as to the sort of thing which may crop up; and, we are all sensible men, all over twenty-one years of age, and we all agree that this investigation is in no way finished; why say now that we cannot again open it up. To make a statement of the kind in that report seems superfluous, to my mind it is nonsense that intelligent people should pass a resolution saying we are through talking about something; if we are through, automatically we are through. But I certainly cannot support the report with that sentence in it.

Mr. PROBE: Mr. McCullough made the suggestion that we insert the word "temporarily"; I second that. Surely that is the wish of the committee, nothing further.

The CHAIRMAN: Are there any other members who wish to speak to the report?

Mr. MCGREGOR: I would just like to say that this is the first meeting of the steering committee that has been called since I have been a member of it, and I understand —

The CHAIRMAN: How long have you been on it.

Mr. MCGREGOR: And I had to be away.

The CHAIRMAN: How long have you been on the committee?

Mr. MCGREGOR: I do not know.

The CHAIRMAN: In three weeks or so we have had several meetings.

Mr. MCGREGOR: That is the first meeting that has been called since I have been on it. I am not complaining about that I just wanted to explain the reason I wasn't there; and I was very much surprised this morning to find that there was something in the report indicating that we were closing out, or something along that line. I do not think there should be any closing down. I think that had our sittings been conducted in an orderly way so we could



take something and follow it through to a conclusion before we jumped to something else, then we might say something has been cleaned up. At the present time nothing has been cleaned up, in my opinion, and there is a whole lot of work to be done before it is cleaned up. I oppose that particular item in the report.

The CHAIRMAN: I think the committee had in mind cleaning up—that was the term used by Mr. McGregor—one department or branch and going on to the next. That was the procedure recommended, accepted and approved by the main committee in the early days of our sittings this year, as referred to by Mr. Cote. If you wish to amend the report that is quite within your right. I have an amendment that the report be accepted by inserting the word “temporarily” after the word “concluded” in section 1 of item 4 of the report of the steering committee; and that is seconded by Mr. Probe. Are you ready for the amendment?

Mr. BLACK: Mr. Chairman, I do not see any necessity for that. Had the motion been carried as submitted I would feel that I should retire as I would be of no further use on this committee. I see no objection to the committee deciding at this time to take up another branch of activity, but why not take it up without passing a resolution saying that something else has been concluded. I do not see any necessity for that. If we started to go back to this to-morrow, or next week, or any time we liked, we could go on with any branch of the inquiry.

Mr. CLEAVER: I would like to suggest that perhaps the wording of the report of the agenda committee is a bit unfortunate. The work of this committee is obviously never concluded. We are simply swimming up stream and working away all the time. I would judge the intention of the agenda committee was simply to record that for the time being you would turn to another subject and that you would release the witnesses of War Assets Corporation; obviously they should not be kept here continuously, they have a very important task to perform and they cannot be here working for this committee and doing their regular work at the same time. Now, you have many other subjects to go into, and I would judge that the intention of the committee reporting was that for the time being the witnesses of War Assets would be released to go on with their ordinary work and that this committee would commence an investigation into the Commodity Price and Stabilization front; obviously, these other subjects are of great importance as well as the subject of the War Assets Corporation.

Mr. SMITH: Mr. Chairman, under our rules is a further amendment in order?

The CHAIRMAN: There is nothing to prevent one sub-amendment.

Mr. SMITH: What I think the committee wants perhaps is this, that after hearing these witnesses whose names are stated that the committee proceed with the next order of business. Isn't that what the subcommittee wants?

The CHAIRMAN: We thought members were intelligent. I am going to use your own phrase; members are all over twenty-one years of age, and we thought they would understand what was the intention of the steering committee.

Mr. SMITH: Don't you think I put it in a much more simple way?

The CHAIRMAN: Perhaps you would understand it then. Gentlemen, I think we all misunderstand one another.

Mr. MCGREGOR: Could we not get over this very easily by striking out that paragraph in the report?

The CHAIRMAN: You can, as far as I am concerned.

Mr. MCGREGOR: Then, I would move that that paragraph be struck out.



Mr. MURPHY: I would be pleased to second that motion.

The CHAIRMAN: That would be a negative motion, but the Chair is prepared to accept it.

Mr. COTE: I would suggest we accept the motion made by Mr. Smith and have the report amended accordingly. I think Mr. Smith has given expression to the thought of the steering committee when discussing this matter.

The CHAIRMAN: Then I take it, gentlemen, that it is your pleasure to accept the report as amended by the motion made by Mr. Smith?

Agreed.

Before calling the witness may I say this: Mr. Murphy raised a question concerning a reply to a question asked by Mr. Smith—perhaps I could have passed over this without referring to it because I don't want to open up any lengthy discussion—but I wish to say that further information is being compiled in regard to the additional questions put by Mr. Smith and Mr. Murphy. And, Mr. McGregor, your final report in reference to repairs to ships will be placed on the record at our next meeting—rather I should say a partial report. There are two or possibly three ships which will require additional repairs extending into a matter of three or four weeks before completion, and then a final report can be made. That is from the Department of National Defence—Naval Services. It has nothing whatever to do with War Assets.

Mr. GOLDING: Yes, nothing to do with War Assets.

The CHAIRMAN: We had before us at our last meeting Mr. Phillips, who had completed his statement.

Mr. BRADETTE: Mr. Chairman, before you proceed I would like to raise a question of privilege. As a member of the War Expenditures and Economies committee I should like to bring to the attention of the committee a matter which I believe is of great importance to every member of the committee, to War Assets Corporation and to the reputation of all concerned. What I have to say may take a little time because I want to refer to an article which appeared in *Saturday Night*, the issue of July 13, 1946. It is a front page article, it is headed "War Assets Disposal", and it reads as follows:—

There is no more difficult problem for the government of a country which is emerging from a state of war than that connected with the disposal of the assets acquired for use in the conflict. Those among these assets which have no value for the uses of peace afford little trouble; but quite a large proportion of the things which men use in warfare are also useful when the war is over. As taxpayers and consumers, the citizens would naturally like to see these useful things placed at their disposal at low prices. But as producers, and as persons interested in maintaining a high level of productive activity, they have entirely different views; they regard the salvage and sale of these articles as constituting illegitimate competition. And that they do constitute competition, and competition not limited by any factors arising out of cost, is obvious enough. The result is a governmental dilemma, between the desire to give the people cheap goods and to recover some small amount towards the reduction of taxes, and the desire to put no discouragement in the way of enterprisers planning to produce new goods with which the war remainders might be in competition.

The American and Canadian governments are on the horns of this dilemma at the present time, and if reports speak truly they are generally solving it in favour of the producers, by a very large scale destruction of goods, which the consuming public would be delighted to buy if it were given the chance. It happens that this destruction is coinciding with a

period in which industry is proving disappointingly slow in getting back into production, for reasons which need not be blamed on any particular class but are perhaps in the main the result of the general restlessness and a profound uncertainty as to the future value of the dollar. But this coincidence greatly intensifies the indignation with which people hear of the destruction of large supplies of articles which they urgently want and which they cannot obtain in sufficient quantities from current production.

In the conditions of reduced productivity which have characterized almost all branches of manufacturing industry in Canada since early spring, it seems to us that there is justification for a general review of the principles which are being followed in the disposal of war assets. There is now much less reason for destroying valuable assets for fear of their effect upon the competitive market; whatever that effect may be, it need be no greater than the effect that would have been produced by the articles that would have been made if industry had not been paralyzed to so large an extent during the present summer.

One defect in the government's disposal methods which seems widespread and could easily be remedied is the lack of publicity when the goods are offered for sale. It seems to be a common condition for sales to be effected when only a small fraction of the possible purchasers are aware that the offer is being made, the result being at least an appearance of favouritism and a possible loss to the government and excessive profit to the purchaser. But no defect in the method of disposal can be so serious, in present conditions, as the actual destruction of things which the public needs and which are in short supply and likely to remain so for another year or more.

Mr. Chairman, in my opinion that article either says too much or too little. Now I must say this, that as the result of my experience over quite a number of years I consider that the primary consideration in all our activities, the guiding principle, is honesty of purpose; and I think I am voicing the sentiment of everyone here present when I say that if we know of any dishonesty or any unwonted destruction going on, everyone of us, no matter to what party we belong, wants that to be brought before this committee and to the attention of the public, and we believe the people involved should be punished in a case of that nature. We have had the president of War Assets Corporation and officers of the three armed services of our country before us, yet I still have to hear that something was wantonly destroyed, at least, by War Assets Corporation.

I would like to see that statement substantiated by the editor or the owner of "Saturday Night". I would like the person or persons responsible for that statement to appear either before this committee or before the Public Accounts committee and show that they do have a real charge to make. As far as I am concerned, I am not going to tolerate that situation any longer. I am convinced in my own mind that no real destruction has been made by War Assets Corporation. If, however, the charge is true, and destruction is going on without my knowledge, then I want to find out about it.

A party of us went to Montreal and visited some of the big warehouses there. I believe as a business man that some of the material should not be there and should never have been put on the market because there would be no takers. I saw two or three old rowboats for which nobody would give a dollar because they are apparently worthless. I sincerely believe that War Assets Corporation has not destroyed anything.

I hope, Mr. Chairman, that through your office, those responsible for the article which appeared lately in "MacLean's" will be brought before either this body or the Public Accounts committee. We have a heavy responsibility here.

We are not sitting on this committee as Liberals, Conservatives, or C.C.F'ers. We sit here as watchdogs of the federal treasury and of the people's money, and it is the duty of everyone of us to see to the proper expenditure of public funds.

Mr. PROBE: I believe that my good friend across the way is just a little bit touchy about this article. I read the article.

Mr. CLEAVER: We should all be touchy about it.

Mr. PROBE: I was not speaking to Mr. Cleaver, but now I shall speak to Mr. Cleaver.

The CHAIRMAN: No, no. Please address the chair so that everybody may enjoy the benefit of your wisdom.

Mr. PROBE: Very well. Mr. Bradette said there was no evidence of anything being wantonly destroyed. I would like to ask him if that word "wantonly" was contained in the article.

Mr. BRADETTE: It is implied. It is implied all the way. Destruction has only one meaning.

Mr. PROBE: We are told that the destruction was authorized by War Assets Corporation and was carried on. Now, then, whether you use the word "wantonly" or not, we are going to have a lot of these articles published and I think there is going to be an acceleration in the number of these articles coming out. I believe that the evidence warrants articles of that type coming out. I do not think there is reason to be touchy about their coming out. I do not think that the reputation of all concerned is involved in this case, particularly when Mr. Bradette refers to the members of the War Expenditures committee. I do not think that the article implies anything in connection with the reputation of the officials of War Assets Corporation in question at the moment.

It has been suggested that Mr. Phillips would like to get away in three-quarters of an hour, and that we defer until later our discussion of anything not connected with the agenda for this morning which is that of educational equipment. We could go on with this matter later.

Mr. CLEAVER: In view of what Mr. Probe has stated, I am not content that we should leave this subject without a word being said in reply to what he said.

Mr. SMITH: Then I am next.

Mr. MICHAUD: I want to speak, too.

The CHAIRMAN: Mr. Cleaver, I can appreciate that this discussion can go on and likely will go on, if Mr. Smith wants to follow Mr. Cleaver, and Mr. Michaud wants to follow on, and so on. I think in fairness to Mr. Phillips and to Mr. Fuller, whom we have brought from Toronto, we had better postpone discussion and carry on with the agenda.

Mr. CLEAVER: I would feel a lot better if we had agreed before Mr. Probe made his speech.

The CHAIRMAN: Gentlemen, Mr. Phillips is ready to proceed.

Will you call Mr. Phillips?

**Mr. C. E. Phillips, Secretary-Treasurer of Canada-Newfoundland Educational Association, recalled:**

The WITNESS: Mr. Chairman and gentlemen, as a little time has elapsed since I presented my story, I would like four or five minutes in which to summarize what I said. I told you that the Canada and Newfoundland Education Association was acting in this matter on behalf of provincial educational authorities and that we are seeking some concession for education which will



enable us to get instructional material from war surpluses into the schools. I also told you that we explored many approaches. At one time we asked that the category of articles available on indefinite loan be enlarged to include typewriters, motion picture projectors, hand tools, machine tools, and so on. When it seemed unlikely that we might get machine tools, and when the Department of Labour offered a rebate on machine tools, we dropped that item and asked only for the other things. But certain administrative difficulties were presented to us and we, therefore, as an organization, undertook certain responsibilities. We set up an interprovincial committee to distribute fairly among the provinces any material received, so that no difficulty might arise that way.

Finally, we now ask you to make those two recommendations which I put at the close of my talk the other day; first, that the intermediate category of articles, according to the War Assets Corporation classification, be made available to the schools upon indefinite loan. Those are the articles which are not marked immediately as saleable, or not saleable, but which are left in a doubtful category. We ask that they be made available to the schools on indefinite loan. Secondly, we ask a substantial price concession for education in order to make it possible for the schools to purchase other articles. To make it possible for War Assets Corporation to grant this concession without violating the principles which they have adopted, we are prepared to perform a service to get that price concession or discount—namely, the service of a wholesaler; that is to say, we would act as the purchasers of those articles and undertake their distribution to the schools, passing on to the schools the concession we received. I hardly think there would be any service charge. If so, it would be the very minimum service charge to cover the bare cost of doing the work.

*By the Chairman:*

Q. What would that service include—A. We would purchase equipment from War Assets Corporation, say, on behalf of the schools situated at New Westminster. We would have some bookkeeping to do since we would receive money from them and pass it on to War Assets Corporation.

*By Mr. McCullough:*

Q. Have you specified the discount that you are asking?—A. We did suggest 40 per cent because that had been the practice in the United States; but, as for the amount, I think it would be better worked out privately between the officials of War Assets Corporation and the C.N.E.A., providing that it did represent a substantial discount and was of real benefit to the schools. We do not want to go into business for the sake of going into business. We are willing to undertake that responsibility in order to get these things to the schools.

MR. SHAW: May I refer to a certain inaccuracy, in the evidence of our meeting of a week ago today. I fully appreciate the extreme difficulties that confront the reporters and I realize too that letter "D" sounds like letter "E". I would like to draw that fact to the attention of the committee first. It stated in the evidence that I was asking for all scrap material to be put on display. I did not want that. I wanted merely samples of various types of scrap to be put upon display in order to be viewed by educators and administrators in the educational field. I do not want it to be thought that I am being unduly critical of the reporters because I fully appreciate their difficulties.

The CHAIRMAN: Thank you, Mr. Shaw.

*By Mr. McIlraith:*

Q. There are just one or two things I would like to clarify in my own mind. The Canada-Newfoundland Educational Association gets its support from the provincial departments of education?—A. Yes.

Q. Do individual local boards of education have membership in the association directly, or just through the provincial departments of education?—A. Some do in this sense—not the board of education but the superintendent of schools may be a member of our association and may be a director of our association; for example, Dr. Goldring in Toronto.

Q. How is your contact maintained with the individual local school boards?—A. It depends upon the matter with which we are dealing. I would say that most contacts have been through the departments of education; but in some cases, for example in the matter of teachers' exchange, I may have to write to the school board directly, occasionally. But we do have provincial officers for that and for nearly every matter.

Q. What about technical schools say, in Ontario and Quebec. Are they not members of your organization?—A. Well, sir, they would not recognize themselves as coming under our organization. Our organization consists essentially of the nine provincial departments of education plus directors who are superintendents in important local school areas, such as Toronto. We have a director in Montreal, the Director of Curricula there, and other directors who are heads of the teachers training colleges. But the nucleus of the organization is made up of the nine provincial departments, and it is from them that we get our financial support.

Q. Are you familiar with the Ottawa Technical School at all?—A. Not particularly with the Ottawa Technical School.

Q. Do you know whether or not it would be one of the schools coming under your organization through the Department of Education in Ontario?—A. It does not come under our organization; it is one of the schools that would profit by any concession made to our organization.

Q. Do you know how many local school boards there are in the province of Ontario or in the Dominion at large?—A. Roughly, there are in Ontario, 4,000, perhaps. I am not sure, exactly.

Q. How many of them are so called technical schools?—A. Well, I would say that in most large cities both the technical and academic schools are under the Board of Education of the city.

Q. How many cities would have technical schools of that nature.—A. You mean in the whole of Canada?

Q. No, in Ontario.—A. I do not know exactly how to define "that nature". There might be forty or so in Ontario of the kind I would recognize as being technical schools.

Q. What material has already been given upon indefinite loan? Can you tell us how many schools in the country have received material upon indefinite loan?—A. It is very hard to give an estimate of that. I do know that in Ontario and in Quebec where most of that material is available, considerable quantities in bulk or in weight have been obtained. That applies particularly, in Ontario for example, in the case of schools that were the closest to Toronto. But they are now sending out materials to several schools in the province. We, as an organization, have obtained some material in Ontario and have sent it to other schools.

Q. How many schools have received that material directly from War Assets Corporation without your having interceded on their behalf.—A. Well, of course, most of them. Although we intercede by advocating certain concessions, most of the schools that have procured such materials have procured them through their own provincial departments of education.

Q. They procure it direct, without the intercession of your organization?—A. Mostly through the provincial officers who deal with War Assets, the men who are on our interprovincial committee.

Q. Have you any idea how many local school boards obtained that material without having either your organization or the Department of Education intercede.—A. You mean, materials upon indefinite loan?

Q. Yes?—A. I can answer that very very few, to my knowledge. I do not know of any.

Q. You do not know of any?—A. No.

MR. SHAW: On a type of order, in view of the fact that the witness appears not to be able to give some of this information while Mr. McIlraith can, would he not give us the answers.

MR. McILRAITH: I am trying to get at the point that the practice is for the local school board to go direct to War Assets Corporation. The evidence given the other day has thrown a rather different light on it. I am trying to get that point cleared. That is the whole thing. I think it is a wrong impression that was created the other day. The local school boards, in any event, do go direct to War Assets Corporation seeking material upon indefinite loan and in some cases they get it.

*By Mr. Probe:*

Q. They have facilities to make the contacts. They make contacts which get results.—A. I would like to remark upon that.

*By Mr. McIlraith:*

Q. I want to establish that point. We have had some figures listed here. This witness, although he is a full time employee of the association, has not marshalled those figures at all. That is a point I would like to clarify because I think it has a bearing on any recommendation made by the committee.—A. It is the established practice, as far as indefinite loan is concerned, in Ontario, at least, and so far as I know in other provinces. I know that in Alberta the practice is the same because I have visited the war surplus depot there; the provincial Department of Education has a man who procures what he can and distributes it to the local school boards.

Q. The committee may find some significance in it. With due deference, we want the facts from the witness following which the committee may consider them. Have you obtained a list of the schools getting material upon indefinite loan at any time? In the course of your work have you had occasion to make a thorough check across the country?—A. Just before appearing before this committee last week I sent wires to the various provinces asking them what they have obtained.

Q. Do they know what local school boards are getting, and if the local schools boards are getting that material without the provincial departments interceding on their behalf?—A. The provincial department is in very close touch with the local school boards through their inspectorial staff, if for no other reason.

Q. Do you know whether or not a system of book-keeping is used, and if the provincial departments know, as a fact, whether or not the local school boards are getting material?—A. They do not know the exact amount, but they know it is very little.

Q. I want to get at the system.

Q. They try to find out if they are getting a satisfactory amount.

Q. There may be local school boards getting material as to which the provincial department has no record, or as to which your organization has no record?—A. A little.

Q. "There may", were the words used.—A. There may; certainly we are not omniscient.



Q. The system is such that you do not have a contact with the local school board in such a way as would give you the precise information. I am not quarrelling with your proposition that all school boards are getting very little. But I would like to clarify the other point about machinery.—A. We have had a tremendous number of applications from school boards come through our hands, but I have never received one back stating that they got the equipment.

Q. The members of parliament could answer that. They receive many applications but they never receive a letter back when the thing is done. I would ask you this: At the end of last year there was a list pertaining only to Ontario giving the various educational institutions which had received material upon indefinite loan. Have you seen that list, other than upon the last day when you were giving evidence?—A. The list of institutions in Ontario which had received it?

Q. Yes?—A. No, sir.

Q. Then there was a list of the schools in Ontario that bought material. That list was up to March 31st of the last fiscal year: Did you see that list?—A. I have seen a list of purchases prepared by War Assets Corporation.

Q. Yes. What I am coming at is this: on that list did you have occasion to check how many of those purchases were made through your organization and how many were made outside of your organization?—A. If they were purchased, then they were made through our organization.

Q. Now, you speak of the type of material which the school board wants. I have a list here. Perhaps there would be no point in printing it because it consists of 138 pages of fairly close printing or typewriting. It is a list of equipment that one school board wants upon indefinite loan. Are you familiar with that list at all? It is for the Ridgeway and Crystal Beach High School in Ontario. Are you familiar with that list?—A. I dare say that list holds a record for thickness. I have seen such a list although I would not want to say I am familiar with it.

Q. I am trying to establish just what happens. I think the committee should know that list is for one individual school. It consists of 138 pages of fine printed stuff.

Mr. MICHAUD: What school did you say it was?

Mr. McILRAITH: The Ridgeway-Crystal Beach High School.

Mr. MCGREGOR: Have you any idea of the value of the goods?

Mr. McILRAITH: You mean the sale value?

Mr. MCGREGOR: Yes.

Mr. McILRAITH: No, I could not say off hand.

Mr. MCGREGOR: It is all very fine to produce a list here and say it consists of 138 pages of closely typed material. I cannot imagine of one school wanting a list of material like that.

Mr. SHAW: It might be interesting to ask just how far that list may go beyond the goods classified as scrap.

Mr. McILRAITH: I cannot tell you, but I think, if you will look at it, you will see that it covers a wider field.

The CHAIRMAN: Gentlemen, Mr. Phillips is our witness and this is what they asked for. Was that what they got?

Mr. McILRAITH: No, just what they asked for.

Mr. MURPHY: Have you got the list showing what they got?

Mr. McILRAITH: No.

Mr. MURPHY: That is the one I would like to see.

Mr. McILRAITH: I think it would be most improper for them to get what they ask for on this list.

Mr. PROBE: That is a form of horse-swapping.

*By Mr. McIlraith:*

Q. Now, about the 40 per cent discount that you asked for in the early part of this year, January 18 or 21, which was based on United States procedure, as I recall it. I think you actually included some notes from the United States pamphlets on the subject with your letter making application for the 40 per cent discount.—A. Yes.

Q. Now, have you had occasion to check up since with the United States Corporation to see whether or not they are selling under that formula?—A. I have not checked with the United States Corporation, but I know, because I get reports from educational meetings where the matter is spoken about, as to what they get and so on.

Q. What is your last report from one of those meetings?—A. I beg your pardon.

Q. Have you had any recent reports from educational organizations? If you cannot answer, just give us an approximate idea?—A. No, I cannot tell you in any detail what they got. Mr. Fuller probably could answer that question because he has been in the United States recently where the matter has been discussed.

Q. Well, as I understand it now, you have no funds of your own as an organization, other than contributions from the provinces to maintain your administration. You have no specific funds with which to buy goods?—A. No, not at the present time because, at the present time we are not engaged in purchasing.

Q. So your proposition is based upon the idea that the association as such would buy goods, or is it merely that your association would arrange the sales direct to the school boards?—A. Well, the proposition was based upon the assumption that we would give service to prevent that type of bulk order that you have there from one school board; we would screen all those things and purchase on behalf of school boards. We would get the money from the school boards, probably through the provincial departments of education.

Q. Who would be the purchaser from War Assets Corporation?—A. The C.N.E.A. would be the purchasers.

Q. The C.N.E.A. would be the purchasers, and the C.N.E.A. would be the seller to the local school board?—A. Technically, yes.

Q. Now, on that proposition as originally put out, what price would you charge to local school boards?—A. As I said before, practically the whole of the concession would be passed on; in other words, we would charge practically the same price as we got it for.

Q. I have been under the impression and I understood that your original proposition was that the C.N.E.A. would buy an article at 40 per cent discount, and the local school board would pay the whole price.—A. Oh no, sir.

Q. The principle is that the C.N.E.A. would buy the article at the 40 per cent discount and the school board would pay you the full amount?—A. Oh no, sir.

Q. Then the benefit to the school board would be in the increased quantity of goods, it would not pay you for the improved service? I understood that to be your proposition in January last.—A. No, the school board would get eventually all the benefits.

Q. They would receive the benefit of the 40 per cent discount?—A. Otherwise we would not proceed.

Q. Was that your position in January as well as now?—A. Yes, sir.

Q. I think then I was under a misapprehension altogether as to your January proposition.—A. The only reason we asked for that concession was that we should handle it first to facilitate the process, to give service, and to pass the benefit of that concession on to the school boards. May I put it this way, our organization does not want to do it but is willing to accept the responsibility in order to benefit the school boards if it can be done in that way rather than giving things particularly to school boards on indefinite loan.

Q. You are aware that the schools have a priority rating under the municipalities as well as in provincial departments?—A. Yes, if you purchase through the provincial departments they have the provincial priority, otherwise they have a municipal priority.

Q. Yes. And now, there was some discussion as to aeroplane engines the other day, you stated the case of an aircraft engine shipped to one of the western cities as involving a rather substantial item of expenditure, I think?—A. Yes.

Q. I take it to be quite clear that there was no suggestion on your part that the War Assets Corporation shipped the thing against the will of the local board of education in that western committee?—A. Oh, no. I did not mean that as a reflection on anyone in the War Assets Corporation but simply to instance that articles that are weighty and are of comparatively little value could not be distributed across a country like this, that we have to get articles of some better value if we are going to distribute them all across the country.

Q. So I take it there was no suggestion that War Assets had acted improperly in the transaction, that it was rather an indication of a problem; is that true?—A. That is right. It is no reflection on War Assets; except, that policy does not produce articles for schools in remote places.

Q. Then, as to motion picture projectors, I think you are aware that there were only seven declared surplus?—A. Yes, I have been told that, but I understand there is a much larger number, perhaps running up to 1500 that were in the possession of the armed services or the auxiliary services that one might expect would be declared surplus.

Q. But you spoke about motion picture projectors a great deal in the last day's evidence. I take it that you were aware previously that there were only seven which had been declared surplus?—A. Yes, but we are looking to the future, to when we expect they will be.

Mr. SMITH: Why aren't they declared by now?

Mr. McILRAITH: I have no idea of that. That is another question.

Mr. MURPHY: Leave that to "Saturday Night".

Mr. McILRAITH: It may be that they are still in use; you know we still maintain an army organization throughout the country.

Mr. REID: When I made an inquiry about that earlier in the proceedings the information I got was that most of these motion picture projectors belonged to the units themselves and were not government property at all. In British Columbia I was told that they did not belong to the government or to War Assets, but to the men.

Mr. McILRAITH: I am only addressing myself to this witness. In any event they were not declared surplus.

Mr. SMITH: I am helping you out.

*By Mr. McIlraith:*

Q. Now, the vocational training schools up to the end of last year had obtained by purchase something in the neighbourhood of—A. A couple of million dollars perhaps; no, no; about a million and a half.



Q. Yes, \$2,000,000 up to the end of March, and very heavy purchases have been since.—A. Yes.

Q. Most of that material is going directly into training centres for veterans; I think that is a correct statement?—A. Yes.

Q. Some of that training I understand is being done in educational institutions under the provincial departments of education, that is, in the ordinary technical schools?—A. Yes, that may be true.

Q. Do you know the terms of the agreements between the technical schools and the Department of Labour and the Department of Veterans' Affairs with respect to that arrangement?—A. Well, my understanding is that such equipment is purchased jointly by the provincial governments and the federal government; that is, each paying 50 per cent of the cost; if there is, I do not know whether there is a firm understanding—but an understanding that it must be sold through the provincial departments of education later.

Q. It may be sold, yes; and is there any of it being put into schools and left in schools; are you aware of any agreement?—A. Whether C.V.T. has moved out?

Q. Not where they have moved out; where they are now having veterans trained in the schools?—A. I take it your question means is there any material—

Q. What I am suggesting is—I will put it this way—what I am suggesting is that in the \$2,000,000 item indirectly the technical schools are receiving the benefit although the sale is not made directly to them?—A. Well, in the C.V.T. centres with which I am familiar the training is exclusively of veterans. I would not like to say that in some cases the material may not be used for other purposes, but in the ones that I have seen it is used for the retraining of veterans, and, of course, that machinery is receiving use.

Q. Are you familiar with the agreement with respect to machinery?—A. The agreement?

Q. Yes, with one particular school?—A. Well, I said a moment ago that it was purchased 50 per cent—that is my understanding of it.

Q. Do you know of these actual agreements, have you copies of them?—A. No sir; because, of course, C.V.T. is not my concern.

Q. No, but the schools are.—A. Yes, the schools are.

MR. SHAW: Mr. McIlraith, just at that point may I point out that the policies may vary province by province.

MR. McILRAITH: It does, yes.

MR. SHAW: In the centres where they have the largest vocational training set-ups they are not in the technical schools but in the military centres.

MR. McILRAITH: I realize that.

*By Mr. McIlraith:*

Q. On that C.V.T. program, that is obviously the type of machinery and machine tools that is highly desirable for technical schools to have, isn't it?—A. Yes.

Q. It is the very type that schools would want. What inquiries have you made with respect to the placing of that machinery or machine tools; what is to happen to it ultimately?—A. Well, it is located at the C.V.T. training centres across the country.

Q. Have you made any inquiry in your capacity as an employee of the C.N.E.A. with respect to the ultimate disposition of that machinery?—A. As I told you there is an understanding—I cannot vouch for its being a firm understanding—that it will be sold to the provinces later.

Q. To the provinces or to the local school boards; could you say? The whole thing turns on that.—A. Oh, I think the handling will be through the provinces. If it is located in a school there may be some such sold to local schools boards; but most centres are centres apart from schools.

Q. Just how many of the centres are in schools?—A. As I said Mr. McIlraith, C.V.T. is not my concern.

Q. No, but the schools are. Just give us that part of it.—A. Not very many and not very important ones; that is a certainty.

Q. Oh well now, some of them may be important.—A. Not the most most important there are some in the large centres—

Q. Some in the large industrial centres in Ontario and Quebec are very important.—A. Take Toronto, for example, the C.V.T. training centre is quite apart from the technical school in that area.

Q. What I want to know is this, are you aware of the details of the arrangement, one way or another, on that point?—A. No, in a general way. I think that is all that concerns us.

Q. Oh, I see. You don't think it concerns you to find out just where the machinery is going.—A. I will answer that.

Q. Yes.—A. I cannot predict the future on this. We thought we were going to get machine tools for the schools long ago. What is the use of taking up time talking about something vague?

Q. The point is you either have or have not got them. That is the point I am seeking to come to.

Mr. PROBE: The evidence is on page 785 of our report.

Mr. McILRAITH: Yes, and it shows \$2,000,000 worth went to C.V.T. It does not show the arrangement under which it went there or where it goes ultimately, whether it all goes into these local school boards, into the technical schools, or not. I put before this witness, who purports to be the representative of the educational institutions through the departments of education in the provinces, a question as to the agreement. We all know that the arrangement varies substantially from province to province, but it seems to me that he would be the likely one to have that information.

Mr. PROBE: The word "purports" is a little hostile I would say. I am sure he does represent those various institutions.

Mr. McILRAITH: Well then, he does represent them.

Mr. PROBE: The C.V.T. arrangement is with the provincial departments of education, not the local school boards.

Mr. McILRAITH: The point is that someone must know where this material is going. For instance, up to March 31, in machine tools and equipment alone the C.V.T. got \$895,000. They paid for whatever they got up to that point. In that one item there were some 42 types of items of equipment. That is the main thing in this whole subject we are discussing. I would like to know, and I think other members of the committee also would like to know, just where that goes ultimately when the pressure of training of veterans is over.

Mr. MCGREGOR: You said it was paid for?

Mr. McILRAITH: Yes.

Mr. MCGREGOR: By whom?

Mr. McILRAITH: By the Department of Veterans Affairs or Labour. I understand that they were reimbursed by the provincial departments of education for part of it. As to that I am not able to say at the moment. I understood from Mr. Phillips that he thought it was 50 per cent.

Mr. MCGREGOR: Who paid for it? Did the boards of education pay for these things, or somebody else?

Mr. McILRAITH: No, no. The Veterans Affairs paid for it as far as War Assets is concerned. Now, I understand from Mr. Phillips that the provincial departments paid 50 per cent of it. Now, whether he is talking of the 50 per cent part of it that went into the technical schools only, I do not know.

Mr. MCGREGOR: Let me get this point clear; do I understand you to say that the departments of education or whoever got this stuff paid money for it?

Mr. MCILRAITH: This is fully paid for.

Mr. MCGREGOR: It was not paid for by the people who got it. Was it paid for by the Department of Defence?

Mr. PROBE: Fifty per cent of it was, yes.

Mr. MCILRAITH: I am sorry if I said the Department of Defence, it should have been the Department of Labour who got this for the C.V.T. program.

The WITNESS: I can refer to an answer. I have, it is true, the amount, or at least the approximate amount the provinces paid; but I was told I could not publish it because the figures are not published, and it is about 50 per cent of the amount which has been spent on machine tools.

The CHAIRMAN: Who told you that, Mr. Phillips?

The WITNESS: I got it from the regional director of vocational training, and he told me that since the figures had not been public perhaps I should not use them. I am not at liberty to make clear the exact figures, but I did not like the implication that I did not know it when I have it down here.

Mr. MCILRAITH: What I am getting at is the proportion they received. We have heard over and over again that they have purchased very little from War Assets, yet there is a substantial item going into educational channels. It is perfectly true that that item is being used for the education of veterans and, apparently, that would be regarded as an educational responsibility rather than a provincial responsibility: It is working out that way.

Mr. PROBE: That is right.

Mr. MCGREGOR: I would like to get one point clear, if I can. Veterans Affairs as I understand it purchase this and send it over to somebody else; to whom do they turn it over?

Mr. MCILRAITH: That is what I am seeking to establish.

Mr. MCGREGOR: If Veterans Affairs purchased it they are a government department; surely they can tell us about it. If they purchased this from somebody they know from whom they purchased it, and where it went. That is what I would like to find out.

Mr. MCILRAITH: And that is just what we are trying to find out.

Mr. MCGREGOR: Now, just what are you trying to find out. I cannot understand the assistant to the minister asking a witness here something which he already knows or should know.

Mr. MCILRAITH: I had the benefit of listening to this witness last week and I wanted to clarify some parts of his evidence which I thought would be helpful to the committee, and also be helpful to myself as a member of the committee. I think it is a most appropriate question to ask him as representative of the educational institutions.

Mr. MCGREGOR: Go ahead and have a field day. We can probably straighten it out when you are through.

Mr. MCILRAITH: I can make a retort to that, but I do not think the time of the committee should be taken up in making obvious retorts.

Mr. BLACK: It seems to me that this discussion is for the purpose of discrediting the witness. I do not think that is the way to treat witnesses here, I do not think they were brought here with a view to being publicly discredited.

Mr. MCILRAITH: Let's clarify this. I made certain statements and gave certain information about educational institutions in my answer to members in the House of Commons to questions asked by honourable members. This witness



came here to give evidence and started to give evidence and I am proceeding to ask him some questions about the whole picture. Surely, that is not discrediting the witness.

MR. MURPHY: Mr. Chairman, I rise to a point of order with respect to the questioning by Mr. McIlraith. I appreciate that the point seems to be to have the witness admit that he is secretary of the association and that he should know where this equipment was allocated. And now, I submit, Mr. Chairman, if the witness does not know, or is not supposed to know where the equipment was allocated that there should be an end in so far as the cross examination by Mr. McIlraith or anyone else goes. The question simply is this that if he does not know—and it may not be within his power in his position to know—I do not think he should be expected before this committee or anywhere else to do any more than to say that he does not know; and I do not think anyone should say that if he does not know he should know.

THE CHAIRMAN: Well, Mr. Murphy, I would certainly resent Mr. McIlraith or any member of the committee asking witnesses any improper questions. I am sure that it was not the intention of Mr. McIlraith to be in any way inconsiderate or discourteous. If Mr. McIlraith asks a question and the witness says, "that is not within my jurisdiction" then all the witness has to do is to say he has no knowledge of it. I do not see your point of order at all, Mr. Murphy.

MR. MURPHY: It is rather refreshing to have a member of the committee seeking to contradict a witness. He should not be imputing to the witness knowledge about matters with respect to which he says he is not informed.

MR. MCILRAITH: I am not imputing anything. There are many different provinces here all of which have different arrangements with respect to this machinery. If the provinces pay something, I am not sure how much. The witness thinks it is 50 per cent. I do not know whether the 50 per cent includes all the government training schools or whether it just takes in the departments of education. What I was seeking to find out was if the witness knew what the arrangement was. It is a perfectly simple matter of fact. And I think it is a fair thing to ask him, in view of the nature of his organization, if he has any record of that sort of thing. If he replied in the negative it would not be possible for me to press my line of questioning, particularly in view of the fact that this is a new organization which has only had a permanent full time employee for a year—is that right?

THE WITNESS: That is the only reason. We don't keep a record of that sort of thing. We are not concerned with C.V.T.; but, if education gets something from C.V.T., that is all to the good.

MR. MCILRAITH: The point is that I gave a list of sales to C.V.T. The C.V.T. paid the whole price on it, was the purchaser so far as War Assets was concerned, and the witness stated that possibly 50 per cent of that was paid by the departments of education. And now, what I was trying to find out for the information of the committee was this, when these provincial departments of education pay 50 per cent of the cost of any machinery, do they ultimately get a share or piece of it?

MR. PROBE: That may be their contribution to the rehabilitation of veterans.

MR. MCILRAITH: Yes, but there is going to be some future use for that machinery somewhere, and it would appear that there must be some sort of agreement; and I thought possibly this witness would know what that was.

THE WITNESS: That is all C.V.T. it is not under the director of schools.

MR. GOLDING: Then it is not under your association. He merely asked you if you knew what it was.

MR. MURPHY: Again on a point of order; if the witness does not know and says that he does not know Mr. McIlraith should not impute that he should know.

Mr. McILRAITH: I did not say that he should know, I said he might know; I asked him if he did know.

Mr. COTE: Mr. Chairman, on a point of order I wish to emphasize the fact that the witness has made two recommendations to this committee. I agree with the line of thought Mr. McIlraith is following. He just wants to find out what the basis is, and what background of knowledge the witness has to support these recommendations. The committee will have the responsibility of studying these recommendations and of determining whether or not they can be made to work. We want to be able to adequately assess the value of these recommendations, and it was for that purpose Mr. McIlraith was asking the questions he did.

Mr. SHAW: And Mr. Chairman, I should like to make this suggestion, that if the witness does not know what the ultimate disposition of these commodities will be, and if Mr. McIlraith as he has suggested also does not know, then I do not think we should base any argument on suppositions. If they are to get it, that is one suggestion; it may be they are going to get it and that is quite another. We would just simply get nowhere by keeping going around in circles.

The CHAIRMAN: On the point of order raised by Mr. Murphy, I think, Mr. McIlraith, if the witness says "I don't know", you should accept it.

Mr. McILRAITH: I think if I had been permitted to get on with the witness—

Mr. SHAW: It seems to me that the attitude was rather hostile when you asked him that. I understood the witness to say that he had certain figures from the department as to what they actually did pay for these commodities.

Mr. McILRAITH: From one department, yes; the exact figure.

*By Mr. McIlraith:*

Q. But you are not at liberty to give that figure here?—A. No. You have the total there and that is sufficient to indicate—

Q. In any event you know that the provinces did put up a certain amount but you are not at liberty to give it with respect to the one province of which you have knowledge, or with respect to which you have the exact figure?—A. No, it concerns C. V. T. anyway.

Mr. McILRAITH: I think the committee will see there the whole point. The witness has stated that it was the concern of C.V.T. It may or may not concern C.V.T. and that is the whole point I am seeking to bring out the facts on. It all goes to show that the provinces have paid something very substantial, whatever it may be.

Mr. PROBE: There is a file of that report in the House?

Mr. McILRAITH: Yes. I was just referring to the payments made by C.V.T., and I was trying to find out where they were going. Now, about the shortage of machine tools; I think that is well known, that there is a shortage of machine tools; I take it that is common knowledge. Do you care to express an opinion one way or another as to where you think the machine tools should go; first, to the C.V.T. for the training of veterans or in preference to them to the schools boards of the provinces? Would you care to hazard an opinion on which you might care to express yourself?

The WITNESS: I think it is just a matter of opinion.

Mr. McILRAITH: You don't need to answer unless you wish to.

The CHAIRMAN: You do not care to answer that?

The WITNESS: No, I do not.

Mr. McILRAITH: That is all, thank you.

*By Mr. Reid:*

Q. I should like to ask one question of the witness, and if it has been asked and answered I am very sorry, but having to be in attendance at other committees it has been impossible for me to be here through the entire session of this committee. My question to Mr. Phillips is this: have all the provincial governments been consulted in this matter which you have placed before the committee; and, if so, what has been the answer from British Columbia as to their wishes in the matter? Could you give me some definite information, and could you show me the correspondence; because I was discussing this matter with Dr. Weir, the minister of education, when he was here from British Columbia; and he said that they were of the opinion that British Columbia should set up a one or two man board of its own and deal directly through that board for material for institutions within British Columbia. I am very anxious to have that information with respect to the various provinces, and particularly in respect to the province of British Columbia, and to know what the decisions have been.—A. Yes, Mr. Reid. All the provinces were consulted. It was the provinces who initiated this matter. It is the provinces coming together that caused the C.N.E.A. to ask for this concession. When the time came that it was necessary to set up an inter-provincial committee to distribute among the provinces and to take responsibility for distributing among the provinces anything received of value on indefinite loan. Every province agreed, and I have it in writing although I haven't got it here unfortunately. The provinces, moreover, are keeping in touch constantly with the C.N.E.A. doings, and the directors of our association represent them, and we have a small executive committee, and the decisions of that executive committee are accepted by the provinces. But, on the specific matter of the setting up of an inter-provincial committee to distribute material, which I think is the key point, all provinces agree. There is a general letter here from Colonel Fahey, but I have not the specific letters here. If you care to have letters from British Columbia, I have picked out a few here.

*By Mr. Reid:*

Q. Yes; in the conversation I had with Dr. Weir, the Minister of Education, when he was here in Ottawa not long ago, we discussed that very matter. It is strange that he, as minister of education, should express that view to me. Why the change in view?—A. I could procure it, if you wish.

Mr. SHAW: May I just ask Mr. Reid if Dr. Weir did mention C.N.E.A. specifically?

Mr. REID: He did say that some steps had been taken by C.N.E.A., but he felt that a school board on their own could give the orders right to the corporation and get quicker action than they could by dealing through a central organization.

Mr. MCGREGOR: It is now a quarter to one, and the witness was asked to come here today. Let us get some decision. As far as I can see, there is no reason why some deal should not be made to permit a 50, or 40, or 20 per cent discount, or whatever it may be. Personally, I am in favour of something along that line. If the government have any objection to it. I wish they would explain it. What do they mean by being opposed to the deal. I cannot see anything wrong. I would like to know just what objections they have.

*By Mr. Shaw:*

Q. Mr. Chairman, I simply wish to refer a matter which I brought up the other day, namely, these displays with respect to scrap. I would like to ask the witness if he would care to express a view regarding education's attitude



towards a suggestion of that character. I would like to point out that while my recommendations were very close to those made by the witness, I certainly never met the man prior to his coming here nor have I had any personal correspondence with him. Would Mr. Phillips care to comment upon this suggestion of mine with respect to having displays of scrap made so that educational bodies might have a chance to learn exactly what might be available upon indefinite loan?—A. I do think that would be very useful, sir, to have displays of what is available because, naturally, there is no certain knowledge in the minds of most school authorities as to what they can get. I think it would be very handy and would facilitate the disposition of the non-salable material to schools, if good quality materials were so displayed.

Q. Could you indicate the extent to which your organization or educational bodies generally might be prepared to cooperate in the establishment of such displays, such as providing space and so on, or any other assistance?—A. I could not commit my organization without first discussing with them what we might do in the matter.

Mr. GOLDING: Mr. Chairman, I think that this committee is wasting a lot of time, both its own time and that of the witness here, in making proposals such as were made this morning. I again want to refer to the reference to this committee by the House. That reference was not read last time, but I am going to read it now so that the members will understand what the committee is set up for and what the responsibility of the committee is. The reference reads as follows:

### ORDERS OF REFERENCE

HOUSE OF COMMONS,

FRIDAY, 22nd March, 1946.

Resolved,—That a select committee be appointed to examine the expenditure defrayed out of moneys provided by parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy, decided by the government, may be effected therein, and that notwithstanding Standing Order 65 the committee shall consist of twenty-five members, namely:—Messrs. Benidickson, Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Homuth, Isnor, Jackman, Knowles, Lalonde, Macdonnell, Marier, Marquis, McGregor, McIlraith, McLure, Michaud, Probe, Reid, Shaw, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler, with power to send for persons, papers and records; to examine witnesses, and to report from time to time to the House.

I submit that under that reference we have no right or authority in any way, shape, or form to recommend that War Assets either give stuff away or permit a discount of 40 per cent or do anything of that kind. That is not the function of this committee. If any organization wants to approach the government in connection with this, that is a matter for the government to decide. The government has laid down certain policies for War Assets Corporation to follow. Those are government policies and I contend that we are just—

Mr. PROBE: They are the policies of War Assets Corporation.

Mr. GOLDING: No, no, the government laid down certain policies.

Mr. McILRAITH: They are priorities.

Mr. GOLDING: Priorities and all the rest of it have been laid down by the government for War Assets Corporation to operate under. Now, the witness admitted here the other day that he had never read our reference at all. I think if he will read it, he will agree with me that as far as this committee is concerned, we have not any authority to recommend that they give a discount of 40 per cent to anybody, or give stuff away. There was a point raised here the other day in connection with these freight charges. They want engines and so forth for the schools and that sort of thing, but evidently they do not want to pay any freight. Are we going to recommend that War Assets Corporation pay this freight?

Mr. SHAW: May I interrupt Mr. Golding? If what Mr. Gordon said is right, that it costs \$275 to scrap them, and they ultimately have to do that, and if they could get \$25 for them if they sell them, then it might pay them to pay the freight.

Mr. GOLDING: If you can show that it is economical to dispose of surplus goods in that way, that is, by giving them away or selling them at a discount of 40 per cent to some organization—if you can show that to be an economy, then it is within our reference.

Mr. SHAW: Would you not agree, Mr. Golding, that if Mr. Gordon is right in his statement—and I cannot doubt his word at all—I am not sure of that figure of \$275 to scrap those engines that were offered for \$25—I think it certainly would be economical, even though it cost \$100 to ship the things to an educational institution, because you would thereby save about \$150.

Mr. GOLDING: The point I raised before this committee is with respect to our reference here in the way of recommending economies in the disposal of war assets. If you can show the committee that that is the cheapest way to get rid of it, by giving it away or selling it at a discount of 40 per cent to somebody, that that is the cheapest way to get of it—otherwise I could not agree with you.

Mr. SHAW: That is exactly why I have advocated the extension of our indefinite loan policy over into group "E" category because my contention is that they are definitely holding a lot of commodities of questionable value in the hope of selling them; but they are having to shoot them back into the scrap pile after six or eight months. You may say to me: prove it. Well, I would be delighted to have witnesses summoned so that we could check into some of those storage depots.

Mr. GOLDING: I would like to hear one of the War Assets Corporation officials tell us that it would be cheaper to do this.

Mr. SHAW: They would have to produce evidence to prove it.

Mr. GOLDING: Yes. Furthermore, we have all these provinces making representations and it seems to me, and this is only one instance, that this organization overlaps what the provincial departments are doing. It is just like the fifth wheel on a wagon, so far as I can see. As I have said before, we have had resolutions go through committees which were not in keeping with the reference that was sent to the committee and which had to be thrown out. We do not want that thing to happen here.

The WITNESS: Since I made the proposal, I think I should be permitted to say this: that as far as extending indefinite loan to the intermediate category is concerned, I think it would be just as cheap for War Assets Corporation to do so, for the reason that they might otherwise have to store materials. We are making the other request on the basis of services to be rendered; that is the basis of any discount or lower price that is given. I do not think that there would be any cost to War Assets Corporation—or not much. I put that qualification in deliberately because you have an obligation towards the schools

in return for what they did for the war emergency classes and in return for other services carried on by the schools; and I suggest you have to pay that debt.

*By Mr. Golding:*

Q. The schools did no more or no less than did everybody else in Canada. It is true they did all they could to help win the war, but so did everybody else.—A. Yes.

Q. They were pretty well looked after. That is not our responsibility under this reference at all.

MR. PROBE: Mr. Chairman, I would like to refer to the terms of the reference. War Assets Corporation has initiated a policy that it will try to get the most out of all these goods that it possibly can. But examples have arisen whereby War Assets has shown by its own figures that it has not received the largest amount possible out of any given transaction; and the reason given for such cases was that the normal trade channels must not be disturbed. I feel, of course, that the normal trade channels are the things that are behind any intention of extending the terms under which educational institutions can get these things upon indefinite loan. There is no question, if a priority user must pay \$5,000 for a piece of equipment, which a member of the trade can get for \$4,801—and I refer to F.W.D's which have been mentioned in this committee on numerous occasions and likely will be again—that we can extend that concession to the trade wherever we wish. If one is consistent with economy, certainly the other is consistent with economy and is consistent with public interest. The point brought up by Mr. Shaw with respect to extending the category is a point which is exceedingly well taken because undoubtedly, non-standard types of equipment will be stored indefinitely and ultimately will be sold as scrap goods. If that is so, is it not more economical to allow the members of the educational services in this country that are represented here to-day by Mr. Phillips, to receive this material.

I do think that Mr. Phillips has failed to make this point: that he speaks not for the C.N.E.A. as a central corporate body, but that the C.N.E.A. is speaking for a widely distributed number of educational bodies throughout this country; and when he says that the C.N.E.A. which is the executive of those bodies will act in this manner, he is not saying that they are going to press to act, if War Assets Corporation will extend the concession spoken of in these various briefs to the individual schools and make it easier for them to get material more directly. I am quite sure that Mr. Phillips does not want his office, actually, to do the "donkey" work; but he is prepared to do that donkey work in order to benefit the end user which is the student body in the schools throughout the far corners of this Dominion. And for that reason we may, from the point of view of national economy, be doing a better job by considering seriously the recommendations that have been made, rather than to stick to a policy which is a hit or miss policy, in my opinion.

MR. GOLDING: With respect to the reference to War Assets Corporation, I suppose Mr. Probe has in mind where they would sell a plant or equipment for a smaller amount if they were sure that by so doing full employment would be given in those particular plants.

MR. PROBE: I did not mention those; I mentioned new vehicles, because that is a case in point.

MR. GOLDING: Whatever Mr. Probe had in mind, what War Assets does is one thing, and what has been referred to this committee is another thing. All I am speaking about now is the reference from the House to this committee.

MR. PROBE: That is all I spoke of.



Mr. GOLDING: And our responsibility is to report what, if any, economies are consistent with the execution of policies laid down by the government, can be effected.

Mr. MCGREGOR: It also refers to the disposal of surplus war assets. I think that covers it. The only thing I want to say is that I understand the witness is here and wants to buy certain goods; also, it is questionable at the present time whether or not those goods are of any value.

*By Mr. McIlraith:*

Q. He wants to buy all goods.—A. We want to get the questionable ones upon indefinite loan for educational purposes.

Mr. MCGREGOR: All those questionable goods will probably be in the same position as goods which are in storage now. I understand there are goods in storage now from the South African war. Surely that is not going to happen this time. If such goods can be put into the service of the educational departments of this country, I don't see any reason why they should not so be used. I ask again: what is the objection to selling these goods to this association?

Mr. MARIER: On the first point: that some questionable goods can be sold to the schools, I think that is a question to be further examined. But on the second point to which Mr. Golding refers, the point about the 40 per cent discount, if we gave that discount to this association or to provincial departments, we would be giving to the department of a province more power or more benefit than we give to the province itself. At the present time the provinces have a certain priority to buy certain goods according to the price fixed by War Assets Corporation. But if we gave a 40 per cent discount to the Department of Education of a province, we would be giving to the department a greater power or benefits than we would be giving to the province itself. So I think we should eliminate the second proposition to give the 40 per cent discount.

Now in connection with the first matter, if Mr. Shaw can prove that it is an economy to pay the freight in order to dispose of some goods which cannot be disposed of otherwise, then that is another matter. But for the second item, I think we have no power, and we cannot advise War Assets Corporation to dispose of goods at a discount of 40 per cent because it would be giving a privilege to a department of a province that we are not giving to the province itself. In addition, I think we should not exceed the terms of the reference which was given to us by the House and which instructs us to report on the subject of economies, but not to spend more money or to advise the board to give a discount of 40 per cent.

Mr. SHAW: I do not understand Mr. Marier when he speaks about a department of education benefitting while the province does not. Those are not his exact words, but I cannot follow him.

Mr. MARIER: In Ontario there is an executive committee on which there is an officer of every province; and the goods bought are paid for by that officer or by the Department of Education of the province and the discount would go to the province. That 40 per cent discount would go to the benefit of the Department of Education of each province. But the province itself has no benefit of 40 per cent discount at the present time when they buy from War Assets Corporation.

The CHAIRMAN: Gentlemen, dealing with the point raised by Mr. Golding as to the reference, we have before us a witness who is making certain recommendations in support of his case.

Mr. GOLDING: No. The witness is asking us to make the recommendations.

The CHAIRMAN: Please allow me to finish. I say, the witness is making certain recommendations for our consideration. We will consider those recom-

mendations at the proper time and we will decide as to whether or not they come within the reference. I think for the time being we had better just allow the witness to proceed and to answer any further questions; and when the proper time comes, we will decide the question of whether or not the recommendation comes within the reference. Now, may I add these few words: I had hoped that we would have been through with Mr. Phillips at 12.15 to-day, which would have given us an opportunity to call Mr. Fuller who has come here from Toronto, as I stated earlier. Now, Mr. Phillips is about through, I hope.

Mr. MURPHY: I have one question.

The CHAIRMAN: Then I want to decide what we are going to do in regard to Mr. Fuller.

*By Mr. Murphy:*

Q. I was hoping, Mr. Chairman, when we had a witness here from Toronto, that we could hear him to-day. I hate to see him come all the way from Toronto and not be heard. There is one point which I think should be clarified which has not been brought out except by inference.

We have to consider the evidence of the witness. I think this committee should understand and analyze the basis of the argument presented by him and the other members of the committee, as to what value this equipment has. With respect to our reference and our duties and obligations under that reference, first, I would like to ask the witness to qualify himself as an expert witness and as an educationalist; I mean, what position is he in to give evidence as an educationist. Could I put it that way?—A. To qualify myself as an educationist, I would say that I am at present the secretary-treasurer of the Canada-Newfoundland Education Association and that we act in certain matters on behalf of the nine provincial departments of education.

Q. No, give us your own personal qualifications. Have you any college degrees?—A. Yes, I am a graduate in Arts of the University of Toronto; I am professor of the History of Education at the University of Toronto and I am a Doctor of Pedagogy.

Q. Would you tell the committee, Mr. Phillips, as an educationist, briefly, if you should obtain this equipment which you requested, on one basis or another, what value would it have? What national value would it have?—A. It would mean that a great many youngsters who would never have a motion picture projector would have the advantage of one in their school; and the same thing would be true with respect to many of the tools and typewriters. Even though the articles are not in perfect condition, it would be a great help if we could get them into the rural schools. Securing such war surpluses would not cut down the provincial grants to education; but the additional equipment would benefit youngsters in the schools. That is what I am concerned about. I could enlarge with reference to the other types of equipment that we seek; but briefly what we are after is to get additional equipment as a recompense to the schools. The schools served us well in the war, and now there is an opportunity of additional instructional equipment being made available to them. I think it would be of the greatest benefit to this country for that equipment to be put to use on behalf of the pupils in the schools.

*By Mr. Golding:*

Q. Would you like to speak about grants now?—A. No.

*By Mr. Shaw:*

Q. I checked that list very briefly, those 138 pages of requirements. I think maybe they got a copy of a declaration of some aircraft company. It looks to me as if they wrote and got a list of the declarations of such a company and

then said: now, since we really do not know, in most cases, what is available, and we do not know how much of this stuff we may get, therefore we will just ask for it all. I do not think they should be criticised for doing that. I have always said that one of the desperate positions of the schools is that they do not know what is available. I think that steps ought to be taken to find ways of letting them know; then you won't be receiving declarations of such a size as that, when maybe they want only a percentage.

The CHAIRMAN: Would you consider it to be good business from the standpoint of the schools or the country to ship that order 100 per cent?

Mr. SHAW: No. I believe in equitable distribution. We certainly would not want it handed all to one school.

Mr. McILRAITH: Or to all schools or to any school.

Mr. SHAW: I would have to think that one over. But I would suggest to you that you find out what part of it could be made available to educational institutions and then let them know the general categories.

Mr. McILRAITH: There is one point of your discussion about which I am not clear. Does your suggestion carry with it a suggestion that priority to local schools be discontinued?

Mr. SHAW: In the final analysis, it may amount to that. But I say that educational institutions should rate just about as high as any institution in this country.

Mr. McILRAITH: We all agree on these things, but we want to get down to something specific. This organization has been doing nothing, but local school boards and boards of education have. Should the priority given to the local school board be taken away and, whatever favourable arrangement is made, be given only to the C.N.E.A.?

Mr. SHAW: I do not know whether all the educational institutions are prepared to deal through the C.N.E.A. If they were, then the present priority set-up would not be operated anyway.

Mr. PROBE: Let us assess these priorities for a minute. In the case of my province we have something over 5,000 schools units. Educational institutions have purchased \$7,786 worth of material from War Assets Corporation which averages out to about \$1.50 per school district throughout the province. So what is the priority worth to the schools? Absolutely nothing.

Mr. McILRAITH: Well, what about the machine tools?

Mr. PROBE: Machine tools are segregated for the use of veterans. Only if the plant which houses the training facilities for the veterans happens to be used part-time for other students, can those other students steal in sometime and get a look at a lathe. As you know, the veterans are straining the capacity of the educational institutions of this country 100 per cent.

The WITNESS: We are not asking to cut down anybody's right to purchase at all. If every school board may purchase on the same terms that they give to us, then so much the better.

The CHAIRMAN: Now, gentlemen, I take it for granted that I may excuse Mr. Phillips at this time. I thank him for his evidence and for the presentation of his case on behalf of the C.N.E.A. I wish to table a reply to a question asked by Mr. R. H. McGregor concerning the leasing of building No. 27 (maintenance building) at the John Inglis plant prior to the purchase of the building by Addison Industries. The letter and the reply read as follows:—



WAR ASSETS CORPORATION,  
No. 4 TEMPORARY BUILDING, OTTAWA,

July 15, 1946.

Mr. GORDON B. ISNOR,  
Chairman,  
Special Committee on War Expenditures and Economics,  
House of Commons,  
Ottawa.

DEAR MR. ISNOR: Attached is the answer to a question asked by Mr. McGregor, M.P., at a meeting of the special committee on War Expenditures and Economics on July 4, 1946, concerning the leasing of building No. 27 (maintenance building) at the John Inglis plant prior to the purchase of the building by Addison Industries.

Yours very truly,

(Sgd.) J. H. BERRY,  
President.

*Question asked by Mr. McGregor on July 4.*

Was building No. 27 (maintenance building) located at the John Inglis plant leased by someone for \$9,000 per year and was lease cancelled when the building was purchased by Addison?

*Answer*

Records indicate that the Storms Contracting Company Limited had some discussion with the Department of Reconstruction and Supply regarding the leasing of building No. 27 (maintenance building) previous to the sale of this building to Addison Industries Limited but there is no record that the lease was ever entered into.

Gentlemen, in regard to Mr. Fuller, I must express my regrets to him for having brought him here and then being unable to call upon him. But the experience he has gained to-day may help him in the presentation of his case on Thursday next. Mr. Fuller, would you be able to be with us on Thursday next?

Mr. FULLER: I would be glad to come.

Mr. MURPHY: It would take only a few minutes to hear him now.

Mr. CHAIRMAN: Would you be agreeable to speaking at this time?

Mr. FULLER: I am in the hands of your committee.

Mr. SHAW: I would hate to tell a man that we would be finished with him in fifteen minutes and then hold him for three hours.

Mr. FULLER: I should be glad to come back on Thursday.

The CHAIRMAN: Very well, we will meet again on Thursday, July 18, at 11.00 o'clock.

Mr. BLACK: What is the nature of the evidence we are to get from Mr. Fuller?

The CHAIRMAN: Something along the same lines, only dealing with the functions of the Board of Education.

Mr. PROBE: We would likely find out how easy it is for the Toronto Board of Education to get material.

The CHAIRMAN: The meeting is adjourned.







Gov. Doc  
Can  
Com  
W

*Economies, Special Committee, 1946*

(SESSION 1946)

(HOUSE OF COMMONS)

CA1 XC2

- 46W12

(SPECIAL COMMITTEE)

(ON)

# WAR EXPENDITURES

(AND)

# ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

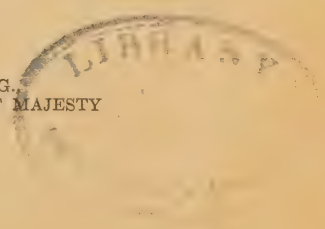
No. 29 and 29 A (= Appendix)

THURSDAY, JULY 18, 1946

WITNESS:

Mr. C. H. R. Fuller, Business Administrator and Secretary-Treasurer,  
Toronto Board of Education.

OTTAWA  
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1946





## MINUTES OF PROCEEDINGS

THURSDAY, July 18, 1946.

The Special Committee on War Expenditures and Economies met at 11 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Golding, Isnor, Marier, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Shaw, Winkler.

*In attendance:* Mr. C. H. R. Fuller, Business Administrator and Secretary-Treasurer of the Toronto Board of Education; Mr. Frank Patten, Business Administrator of the Ottawa Collegiate Institute Board; Mr. C. E. Phillips, Secretary-Treasurer, Canada and Newfoundland Education Association; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

Mr. Fuller was called. He made a statement and was examined.

He filed with the Clerk the following documents referred to in the course of his examination, viz:—

1. General classified index of machine tools and industrial equipment owned by the Government of Canada (Department of Munitions and Supply Control Inventory Records Division).
2. List of materials from above classified index shown under classification of replacements and desired for expansion by the Toronto Board of Education, compiled from requests submitted by Central Technical School, Danforth Technical School, Western Technical-Commercial School, Northern Vocational School and Central High School of Commerce.

Witness discharged.

The Chairman filed a memorandum dated July 16, 1946, and submitted to members of the Committee by Mr. C. E. Phillips on behalf of the Canada and Newfoundland Education Association, being a summary of the request presented to the Committee by Mr. Phillips on July 11.

It was ordered that the said memorandum be printed as an appendix to this day's Minutes of Evidence. (See Appendix "A").

The Committee adjourned at 1 p.m., until Tuesday, July 23, at 11 a.m.

R. ARSENAULT,

*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 18, 1946.

The Special Committee on War Expenditures and Economies met this day at 11 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided:

The CHAIRMAN: Gentlemen, will you come to order, please. As agreed at our last meeting, I arranged for Mr. Fuller to be with us today and to appear as a witness. Mr. Fuller, will you be good enough to come to the head of the table.

**Mr. C. H. R. Fuller, B.A.Sc., Business Administrator and Secretary-Treasurer of the Board of Education, Toronto, called:**

Mr. MURPHY: Mr. Chairman, before you call on the witness, I wonder if through your organization or committee you would indicate to War Assets that the answer in reply to one of my questions asking for the particulars of shipments of the Saskatchewan Reconstruction Company be answered in full. There was a supplementary question—I have not got the exact page—asking for the cost of this equipment as well as the articles and the selling price. What I am concerned about now is the cost, which was not included in the answer.

The CHAIRMAN: Is that the original invoice cost?

Mr. MURPHY: Yes, that is it, Mr. Chairman. We have been furnished with information in respect to the tractors and equipment that have been sold to the Saskatchewan Reconstruction Company, but in the answer to my question he omitted to include some information.

The CHAIRMAN: I shall be pleased to look into it.

Mr. McILRAITH: Would you get the page number, so that we will know.

The CHAIRMAN: Would you be good enough to give us the page number, Mr. Murphy?

Mr. MURPHY: It is in one of the last four. I shall look it up and give it to you privately.

The CHAIRMAN: Thank you very much.

Mr. BLACK: Mr. Chairman, before we call on the witness, may I ask what other evidence are we going to have with respect to this matter. You are dealing with the distribution of equipment to schools. Are there to be any other witnesses, and are we to get a report from, say, your province and my province as to what equipment has been furnished to them, and as to what they made application for what they considered they would like to have that would be useful to them?

The CHAIRMAN: I had hoped that that information would be forthcoming from the evidence as submitted by Mr. Phillips. It was not the intention of the steering committee to call other witnesses on this particular subject. In fact, we hesitated to have more than one witness, namely, Mr. Phillips. Mr. Phillips intimated in the early part of our proceedings that he represented the nine provinces. Later, because of representations made by Mr. Fuller on behalf of the Board of Education of Toronto, it was felt that we should hear one other witness, apart from those represented by Mr. Phillips. For that reason, Mr. Fuller is here today.

Mr. SHAW: Mr. Chairman, just for clarification, was it not decided that further applications from individuals to give evidence would be considered upon their merits?

The CHAIRMAN: As we proceeded with the evidence as submitted by the witnesses mentioned, namely, Mr. Phillips and Mr. Fuller, if we found that others should be heard, we would then deal with the applications on their merits of the case as it was presented. That was my understanding, Mr. Shaw.

Mr. SHAW: Yes, that is right.

Mr. BLACK: There is no report on record with respect to the province of Nova Scotia although there has been a report with respect to several of the western provinces. I would like, in my own interest, to know how matters stand in Nova Scotia before this subject is disposed of. Am I to understand that Mr. Phillips gave detailed information applying to Nova Scotia? If so, I would like to have it placed before us.

The CHAIRMAN: I do not think I made any such statement, that Mr. Phillips made any detailed statement.

Mr. McILRAITH: He did not have the business or financial set-up at all.

The CHAIRMAN: I think Mr. Black may have misunderstood me. I do not think I made any such statement just now.

Mr. BLACK: I understood you to say that you expected Mr. Phillips would be in a position to give information relative to the requests for delivery to the other provinces.

The CHAIRMAN: All nine provinces, yes. Just for the information of Mr. Black and other members of the committee, I may say that I have here a copy of a telegram which was sent under the date of July 11th, to Mr. Charles L. Phillips, Ottawa. The telegram reads as follows:—

Gall 22—Halifax, N.S. Jul. 11 950A

CHAS. L. PHILLIPS,  
Chateau Laurier.

Practically no surplus equipment or apparatus or furnishing have yet become available to fill modest request public school boards in Nova Scotia.

(Sgd.) F. H. SEXTON,  
*N.S. Technical College.*

c.c. Mr. G. B. Isnor, M.P.

Mr. McGREGOR: What does he mean by that? Does he mean that they were trying to buy these goods and were told they were not available?

The CHAIRMAN: That is what the telegram contained, just what I read.

Mr. McGREGOR: I would not want to take it from that that they had been making an effort to buy goods and were told that none were available.

Mr. McILRAITH: They do not separate what they want to buy from what they want upon indefinite loan.

The CHAIRMAN: I could take from that either that they had made application in regard to the purchase of certain equipment, or I could take from this telegram, from the wording of it, that they were looking for equipment and furnishings upon the loan basis. Perhaps we could get further clarification upon it from Dr. Sexton, but I do not think we should open the subject with Dr. Sexton any more than with representatives from other provinces, unless they themselves write us or make representations.

Mr. McILRAITH: The provincial material is available up to the end of March, upon record.



Mr. MURPHY: I was hoping to get in another question. Could I just refer to a question, really to help the work of the committee. I asked some time ago about some details regarding Otis Fensom and I spoke to Mr. Berry; and Mr. Berry said that in view of the fact that the R.C.M.P. were making some investigation would I withhold my question and I agreed to do so; I agreed to withhold pressing for any information. I wonder if you would see how soon, or when we could proceed with that? If you will talk to Mr. Berry, you will know about it. I withheld any further questions in view of the fact that he was having some investigation made.

The CHAIRMAN: Thank you, I shall bring that to the attention of Mr. Berry. Now, Mr. Fuller, would you be good enough either to submit your brief or make a statement for the benefit of the committee.

The WITNESS: Thank you, Mr. Chairman, and members of the committee for this privilege of permitting me to be here representing the Board of Education of Toronto. May I say that the board has had a committee working on the possibility of securing surplus war property from War Assets Corporation or from any other people so designated as an agency, for almost a year, yet we do not seem to be able to have any definite information that would enable us to say that we have arrived at anything that would help us in securing surplus war equipment.

I am not being critical, Mr. Chairman, at all, of anybody. Perhaps it is our own fault because we may not be on the job enough. But the first I heard about this committee meeting was last Thursday or last Wednesday. And I wired you then because I thought it was an official parliamentary body that would enable us to get across the message that we have, from the Toronto Board of Education. I say Toronto. I do not want to keep repeating that, because the arguments I shall use in this brief, in my presentation to you, will apply to Halifax or to Vancouver or to any other city in Canada. I hope you will forgive me if I use the argument in Toronto because my brief is worked up that way. I am an official of that board and I could not very well do otherwise. I wish you would be good enough to remember, when I use this argument, that the same argument could be used by Calgary, by Halifax, by Vancouver, by Winnipeg, or by any other place where technical schools were operating during the war.

I have presented to you an official letter including a copy of this brief and certain supporting schedules and if you will permit me, sir, I shall read this brief and, perhaps, comment upon it.

Mr. Chairman, in support of that brief, I have brought here two or three schedules, which you have. One is a letter that was sent, called Schedule No. 1, under date of October 4, 1943. This was Bulletin No. 71 of the Dominion-Provincial War Emergency Training Program, dated October 5, 1943. This bulletin is addressed to Business Administrators and Secretaries of Boards of Education and the Directors of War Emergency Classes, and asked them to submit a list of requirements, divided into two sections.

*By Mr. Murphy:*

Q. Who sent that?—A. The Regional Director of the War Emergency Training Program. It reads as follows:—

# DOMINION-PROVINCIAL WAR EMERGENCY TRAINING PROGRAM

Bulletin No. 71,

October 5, 1943.

To: Business Administrators and Secretaries of Boards of Education and the Directors of War Emergency Classes.

In grateful recognition of the part played by the Vocational Schools in Canada's War effort, the Dominion Government is formulating plans to distribute

to the schools after the cessation of hostilities, certain of the nationally owned machine tools and equipment now in use in war industries. It is hoped that this generous *gift* will not only completely rehabilitate the school shops and classrooms which have been used in the instruction of war training classes but that it will also assist in the further development of Vocational Education in the post-war era.

While plans have not been definitely completed, negotiations have proceeded to the point where, if your board is interested in receiving any of this equipment, you are asked to submit to this office before December 1, 1943, a list of your requirements dividing it into two sections:

- (a) The first section to list all items which are needed as replacements in the shops and classrooms that have been used for War Emergency Training.
- (b) The second section to list all items which would be needed for the expansion of Vocational Training.

It should be noted:

- (1) The lists should contain not only the machine tools required but the necessary attachments, hand tools, etc. Where commercial training has been given, typewriters, office equipment and furniture etc. may be included.
- (2) The lists should give a complete trade description of the equipment requested, the type of drive and for motors, detailed specifications of the electrical characteristics—cycle, phase and speed.
- (3) The amounts to be allotted and the time of the allotment will be determined by the government departments concerned.
- (4) Naturally the Dominion Government cannot make any commitment about the condition of this equipment. It is in use at the present time and may be worn and need considerable overhauling when it is delivered. On the other hand, it may not need any reconditioning. Regardless of its condition, it is likely to be very modern in design and construction.
- (5) The only cost to the Board will be the necessary freight and cartage expenses.
- (6) Lists should be submitted in *quadruplicate*.

H. H. KERR,  
*Regional Director.*

#### SCHEDULE No. 1.

Mr. PROBE: Can you put that in heavy block letters, Mr. Chairman?

The CHAIRMAN: We will print it in the usual way.

The WITNESS: May I say in addition to that, Mr. Chairman, to support that, we have another schedule which we call No. 2. That is a catalogue which came as a result of that letter into our office, and other offices, of equipment owned by the Government of Canada, Department of Munitions and Supply. We were asked to take this catalogue and then make out these lists.

*By Mr. Murphy:*

Q. You were asked by whom?—A. Mr. H. H. Kerr, Regional Director of the War Emergency Training Program. We were asked to submit those lists from this catalogue.

I suggest that if someone comes to you and says, here is a catalogue of equipment, we would naturally assume that somebody was going to give us this, but nobody presses it because the war was on, and then we heard about you people meeting here, and I thought we should present it in this way.

I am not going to submit these lists. I have the lists here. It may be out-of-date now, but they are here now.

Each technical director made an investigation of the lists submitted from the different schools to see that there was not a lot of equipment asked for that was not needed.

*By Mr. McGregor:*

Q. How did that list come to be compiled?—A. As a result of this letter and this catalogue, a meeting was held with the technical and shop directors to discuss the sending in of this list, and that catalogue was taken by the technical and shop directors, and the list was made up in that way. That was two years ago.

What I am trying to get over is that there was an idea in the Department of Labour that the schools were in a position to ask for something for the reason that they had performed a war effort.

The CHAIRMAN: Is it your wish that these 29 pages, containing a list of equipment, be included as an appendix, known as Schedule 3?

Mr. MURPHY: Yes, I think so, Mr. Chairman.

Mr. McILRAITH: This list is out-of-date. I do not see that there is any use of printing this. The point is that they had completed a list at that time.

Mr. PROBE: Which has not been filled.

*By Mr. Black:*

Q. Was anything filled?—A. No.

*By Mr. McGregor:*

Q. Did I understand that this list was filled out by your Board and sent in to the proper authorities as an application for those goods?—A. Yes.

Q. And you never got anything?—A. No.

Mr. McILRAITH: The point he is trying to bring out is that the Labour Department, as far back as 1943, indicated that there was recognition of the condition in the schools by authorities.

Mr. SHAW: That it would be somewhat of a moral obligation.

Mr. McILRAITH: I think the list is out-of-date.

The CHAIRMAN: This was filled out on December 14, 1943. There is a copy on file in the Labour Department.

Mr. SHAW: You will keep a copy, Mr. Chairman?

The CHAIRMAN: Yes.

*By Mr. Probe:*

Q. I suppose that is a list of the goods that were deficient in the schools at the time?—A. Yes.

Mr. MURPHY: I think Mr. McIlraith wants to point out that the list was compiled as requested under this Bulletin No. 71.

Mr. McILRAITH: Yes, that is right.

The WITNESS: I am sorry to take so long in this matter. I hope you will forgive me when I say something about what Toronto has done in the war effort. The same thing applies elsewhere. I am using this as an argument as to why your Committee might consider changing the policy of the War Assets Corporation as to matters of equipment. I will file this.



## BOARD OF EDUCATION

OFFICE OF THE BUSINESS ADMINISTRATOR

TORONTO, ONT., July 5, 1946.

The following is an outline of what the Toronto Board of Education has done towards assisting the Government in its war effort:—

The use of Toronto Schools and the services of the Board staff, outlined below have been freely granted by the Board to the military authorities, or related agencies without expectation of reimbursement for the extra expenses involved:—

In the one or two instances noted, the Board has been reimbursed in part by the Dominion Government or its agencies.

*Emergency Classes for Troops in Training and Trainees in War Emergency Works.*

These were carried on by the Government authorities at:—

Central Technical School	— 24 hours service
Central Technical Annex	— 24 hours service
Danforth Technical School	— 16 hours service
Western Technical School	— 16 hours service
Northern Vocational School	— 16 hours service
Central H.S. Commerce	— R.C.A.F. (Women's Division)

The estimated cost of the additional operating services required is \$75,000 to June 30, 1944, which includes heat, light, power, water cleaning supplies and extra personnel. The Government has reimbursed the Board to the rate of \$8 per classroom per month, a total amount to date of approximately \$34,000.

*By Mr. Probe:*

Q. That is, the \$75,000 was the gross?—A. As from the beginning of the operation of the classes until June 30, 1944. I am not adding anything further because I have not got those figures. These classes continued on for another year.

*By the Chairman:*

Q. Mr. Fuller, to clear up Mr. Probe's question, you say that the cost of additional operating expenses was \$75,000, and you were reimbursed \$34,000?—A. No, perhaps I didn't word this right. I meant to say this, that the additional excess cost after the \$34,000 was paid was \$75,000.

*By Mr. Probe:*

Q. That means that the extra cost devolved on you?—A. Yes, \$8 a classroom did not attempt to cover the cost, but it gave us some help, anyway.

The next item is that certain buildings were vacated by the Board of Education during the war and given to the Government for the nominal rate of \$1 a year. The William Houston School of about twenty classrooms was turned over to the Royal Canadian Air Force, and afterwards was used as barracks, and was used all through the war.

Another school, the Allan Jarvis School for Boys, was used as a sort of a storage proposition.

### Assistance to Government re War Efforts

#### *Civilian Defence (A.R.P.): (Continued)*

Neither the cost of, nor the full extent of the accommodation provided is recorded. In 1942 there were 1,190 gatherings of these groups reported.

#### *Air Cadets, Sea Cadets:*

These groups held 258 after-hour assemblies in the schools during 1942 and 1,420 assemblies in 1943. The Board assumed cost of operation, upkeep and maintenance.

#### *Day Care of War Workers' Children:*

This service covers 23 schools at present. Classes for these children are conducted from 7.30 a.m. until the regular school hours and after regular classes until 6.00 p.m.

The Dominion Government reimburses the Board for the overtime allowance paid to the teaching and caretaking staff, and for food service, but the Board has absorbed all the extra costs involved, such as heating, lighting, water supply, general care and upkeep of buildings, furniture and equipment.

#### *Day Nurseries for the Very Young Children of War Workers:*

To date, sections of 5 schools have been remodelled to provide this service. These nurseries are operated from 7.00 a.m. to 6.30 p.m. six days per week, including meal time. The Board is reimbursed for operating costs but not for upkeep of buildings, furniture or instructional accommodation involved.

#### *Employee Participation:*

Many of the Board's employees have freely given their services to the foregoing activities and in other civilian war work activities. They have subscribed freely to War Relief Funds and in increasing amounts to War Loans.

#### *School Buildings Vacated for War Use:*

William Houston—R.C.A.F. for instruction, isolation, Storage.

Allan (Jarvis Boys' Annex)—For storage.

Earl Kitchener—Loaned to Provincial Government in order to free the Normal School for the R.C.A.F.

Two Portable Buildings were put up for the University of Toronto to accommodate war students (nurses and therapeutic students.)

#### *Night School Instruction for Troops in Uniform:*

Courses of instruction, free of charge, are open to all uniformed members of the Armed Forces. No data are at present available as to enrolment under this provision.

#### *National Registration—1940:*

128 school buildings were opened, staffed and serviced without charge.

#### *Rationing— 1942, 1943, 1944:*

Similar accommodation as above was provided free of charge for the issue of food rationing books.

#### *Civilian Defence (A.R.P.):*

All extra and overtime operating costs involved in opening the many schools required as assembly centres for this civilian activity were absorbed by the Board as well as care and upkeep of furniture and equipment.

*The Chairman:*

Q. You say that was in 1940?—A. 1941, 1942 and 1943. I was thinking of the use of schools for rationing.

There is another question of the care of children whose mothers were in war work (Day Care Centres). I will admit that the Government paid for that, but the administration and purchasing, and all of that sort of thing was paid for by the Toronto Board of Education. There were 27 of these schools operated in Toronto.

I do not want to go on and mention the war saving stamps of school children. I secured this information from the Director of Education, Dr. Golding, who provided this information as to how the pupils participated.

*Pupil Participation (Presented by Superintendent of Schools' Office).*

Purchase of War Stamps, Bonds.

Cash contributions to Relief funds.

Salvage of rubber and metal (for conversion).

Preservation of food products.

Manufacture of War Equipment.

Manufacture of Clothing.

Etc.

The pupils of our schools have made considerable contributions to the war effort since the outbreak of war. The following are only some of their activities:—

\$1,170,000.00 for the purchase of War Savings Stamps, Certificates and bonds.

\$260,000.00 contributed in cash to various funds and collections such as The Red Cross, British War Victims, The Queen's, China, Greece, Russia Relief Funds, etc. Purchase of Ambulances, Canteens, etc. New clothing for children and others in war areas, and sundry other special funds.

I know that here in Ottawa Mr. Patton, who is here, can tell us that ambulances were purchased from schools all over the country.

They collected and turned in 350 tons of rubber, metal, etc., for conversion. They made or contributed 155,000 articles of new clothing (exclusive of cash contributions above). They preserved or contributed food products valued at \$54,000.00; provided \$56,000.00 worth of comforts for troops, collected 250,000 fruit baskets for re-use and have been collecting at the schools huge volumes of waste paper.

C. H. R. FULLER

*Business Administrator and Secretary-Treasurer.*

CHRF:LVU

I do not want to come here and be accused of blowing the horn too much for the City of Toronto, but I want to use it merely as an argument to back up the reasons why we are asking the government and this committee to recommend a proposal to give us something in the way of surplus war property.

That is the completion of my brief with the supporting schedules, and the arguments in favour of it.

I do not want to create any impression that a technical school, because it operated throughout the war, is now better off, so far as equipment is concerned, than it was before the war. I can mention several cases where that is not true. It is not true in our technical schools.



In Western Technical School, a big school of 3,000 students, when 3.00 o'clock came along the War Emergency Training Program started working and took over the whole building. We have woodworking shops, metal shops and electrical shops, and the Emergency War Training Program said, "You have not got enough equipment. We want you to buy up more equipment, which we will let you have for about 75 per cent off.

*By The Chairman:*

Q. When was this?—A. During the operation of the program.

Q. I would like to know the approximate dates?—A. The dates would be between 1941 and 1944—during that time. We did buy equipment, which became ours after the end of the war, provided we allowed it to be used for the Training Program, to the amount of about \$40,000, for which we paid \$10,000. There was other equipment brought into these schools, which was taken away again. In this particular school that I am talking about, we purchased, I think, about \$3,000 of this \$10,000 I have mentioned, and the equipment that we wanted is still there that we paid for on this basis. The equipment that was owned and bought by the general program was taken away after the war was over.

An analysis of that equipment shows that there was at least ten times the amount of equipment that was actually owned prior to the war by the Toronto Board of Education, and which was used all the time by the Program.

If that is true, all we are suggesting is this; that somebody in authority be given a policy saying that we will replace this thing, or we won't replace that one.

The second proposition is, that you have already set up as a question of policy, a distribution of materials which Mr. Berry defines as scrap. That material is given on an indefinite loan. We have had very little of that material.

Mr. GOLDING: It is of no commercial value.

Mr. FULLER: The thing I want to bring out is this; that this Committee consider a change in policy that would permit an extension of this program of indefinite loan to enable schools in Canada to procure equipment which certainly should not be considered scrap.

If that is not a feasible suggestion, let us adopt this third idea, which I am in favour of although I have used arguments which, I think, we are entitled to something better than this. If you do not want to do this other thing, the third thing I suggest is to make available equipment before someone else gets it, and let us buy it at a reasonable price. I am not thinking, when I say that, of only vocational equipment, but equipment which might be available in war plants, such as florescent lighting fixtures, tables and chairs, paints of all kind, and things that may not be in the category of vocational equipment.

May I say this, that I had a requisition the other day from a principal of a school, that went through the usual channels, and on which the purchasing agent went to buy this equipment from the War Assets Corporation, and he got prices from them and was told he would have to do business with an agent. The agent is a new firm of machinery dealers, of whom I know nothing. There was nobody, so far as I could see, speculating on this thing. We were told that we would have to buy that particular type of equipment at a reasonable price through an agent. All I say is this, that the agent must be getting something—a commission.

*By Mr. Probe:*

Q. Was he a government business agent?—A. No.

Q. This is the first time you have had that difficulty?—A. Yes. Why not let us get the 10 per cent if the dealer gets it?

*By Mr. McIlraith:*

Q. I take it that you have no objection to giving me the reference number afterwards?—A. Not at all.

*By the Chairman:*

Q. Would you indicate what type of equipment that was?—A. Yes. I would like to get away from this argument—

Mr. PROBE: It is all right to have. We must have it.

Mr. FULLER: Schools need other things besides this type of equipment. These machines were like this: one 12-inch shaper, one milling machine, a 20-inch heavy duty drill, No. 5 surface grinder. The prices of those were, \$1,400 for the first, \$2,000, \$300 and \$1,300 for the last, and the price we would have had to pay if we wanted to buy them from someone else would have been approximately twice as much as the figures quoted.

I do not want to get into an argument on that basis. Our people thought these people were a little high even when it was fifty per cent.

*By Mr. Murphy:*

Q. Had you bought similar equipment from the War Assets Corporation previously?—A. Yes, we bought about \$6,000 worth of machines.

*By Mr. Shaw:*

Q. May I ask the witness if this equipment was available and was for sale?—A. Yes, when we found out we had to do business through a dealer, we did not buy it. I know the reason why dealers are able to handle materials in certain cases, but I believe in the argument we have had, if the War Assets Corporation or any other agent is going—

*By Mr. McIlraith:*

Q. I take it that you got your priorities and paid direct on other transactions?—A. I must say this—and it is not being critical—it was very hard to get priorities.

Q. The point I am seeking is this: that has not been a general condition or method of your buying any articles you did get?—A. No, I only mentioned that as an example.

*By Mr. McGregor:*

Q. But it is the general condition to-day, no matter what it was two months ago?

*By the Chairman:*

Q. What is the date of this?—A. This is June 13.

*By Mr. McGregor:*

Q. He says in one case. Did you make any other application for machinery outside of this one case?—A. Not since this time.

Q. Then, as far as you are concerned, the only case you made application for it was when you were told you would have to buy from a dealer? The witness says that they bought certain goods from War Assets Corporation; then there comes a time when he wants more goods, and he is told that he must buy through an agent. That is the only application he has made since that time and that would indicate a change of policy on the part of War Assets Corporation. Is there any other way you can explain that? The man has made one application. Do not try to switch it around that there have been changes made in between.

The CHAIRMAN: Mr. Murphy, you have the floor. I do not think Mr. McGregor anyone is trying to switch it around. Mr. Fuller's evidence was that he made applications on numerous occasions; but this is the first time he had knowledge of this particular procedure.

Mr. MCGREGOR: The first and the last time.

The CHAIRMAN: Yes.

*By Mr. Murphy:*

Q. When you made reply to Mr. Shaw's question about equipment being made available, were you aware that this was available by War Assets Corporation?—A. This equipment which I mentioned, which I read here, was found by our shop directors going around and seeing and finding out that it was there. There was never any offer made that it was there. Somebody found it was available and through officials of War Assets Corporation that it was there; and these people said: all right, will you buy it for us? And we said, where do we buy it? And we found out we had to buy it through a dealer.

Q. Did you inquire from War Assets if they had it?—A. Oh, yes; when we found it was there, yes.

Q. Were you able to buy it from War Assets?—A. I am not particularly clear as to that.

Q. Here is some equipment you were after. Did you apply, when you wanted it, through War Assets, for that equipment?—A. Yes, there was an application made there and they told us to buy it through a dealer.

Q. Have you got the application which you made to War Assets here with you?—A. No, I am sorry, but I have not got it with me.

Q. What reply did you receive from War Assets Corporation?—A. It was mostly over the telephone to our purchasing department.

Q. Do you know the difference in price between what you would have to pay War Assets and this agency?—A. Exactly the same.

Q. Exactly the same, so it is obvious that this agency was obtaining a commission or some consideration for handling it?—A. If the prices are the same, as you suggest, then these people are not working for nothing; so, why not let us take the difference.

Q. Prior to this, you had dealt with War Assets Corporation?—A. Yes; we had bought about \$6,000 worth of equipment.

Q. Could you give us the date of that requisition to War Assets, the last one? It is the change of policy that we are concerned about.—A. It would be about the middle of June of this year.

*By Mr. Probe:*

Q. I should like to ask Mr. Fuller about his experience with War Assets.

The CHAIRMAN: Is that a new subject?

Mr. PROBE: No, no. Let me ask the question first, Mr. Chairman. I do not get abrupt with you very often so please let me start and then call me out of order.

The CHAIRMAN: I would hesitate to have you think I was being abrupt with you. I simply ask: is your question along the same line or along the same subject?

Mr. PROBE: Yes; I am trying to co-operate but I do not like to be interrupted.

The CHAIRMAN: I only want to keep the continuity.

Mr. PROBE: All right. I want to know from Mr. Fuller, if possible, if he attempted on behalf of the Board of Education of Toronto to exercise priorities that are nominally the right of public bodies. The word "priorities" was



mentioned by Mr. McLraith a few minutes ago. I want to know what his experience was in exercising the prior right of public bodies in getting equipment as it was known to be available, and how successful he was in getting material that he wanted to buy, and how the prices compared, to his knowledge, with those being made available to commercial groups buying from War Assets Corporation.

The CHAIRMAN: I still say that I was right. Does that relate to this particular equipment?

Mr. PROBE: That relates to the equipment purchased by the Toronto Board of Education, the \$6,000 worth of equipment which he has been able to get in the last year.

The WITNESS: We have upon various occasions found that equipment was available and have been able to get it. Upon other occasions, we have had information from officials of War Assets Corporation saying that certain things were there and would we want them. If we had bought them, we would have had priorities, I assume, perhaps, in the scale that is used as you know. That is, we would have come third, as far as priorities are concerned. Now, I must say this: that we did make application, because we were instructed to do so, through the usual channels, for a lot of the equipment, and we were willing to pay for some of it; but other of the equipment we thought should be given to us. We made application through the usual channel of the provincial liaison officer, who gave us direction that we had to do it that way, through him. We wanted to go through the proper channel, and we did so. Sometimes we got some equipment and sometimes we did not. It was supposed to be available, but by the time we got around to buying it or requesting it from War Assets Corporation, some of it was there and some of it was not. But, generally speaking, we did get priorities in some respects, but in other cases we did not get an opportunity to buy what we might have wanted. Let us put it that way because somebody else got it.

*By Mr. Probe:*

Q. Since the Board of Education of Toronto has purchased \$6,000 worth of equipment or spent \$6,000 for equipment from War Assets, could the witness indicate what approximate percentage this \$6,000 which was concluded would represent of the business that they attempted to do with War Assets? Can you give me any idea as to whether that would be 10 per cent of what you attempted to purchase, or 50 per cent, or what per cent?—A. The proper answer to that would be, if I may say so, to tell you what the value was of the equipment that we have. I cannot tell you just exactly whether this material was all replacement. I do not think the \$6,000 worth of equipment was all replacement. I think most of it was material we would be buying anyway. The total value of the equipment in our technical schools is about \$1,350,000. During the war we bought from War Assets Corporation \$6,000 worth of equipment which is a very small percentage of the total value.

Q. From the replacements available you would say that the \$6,000 worth of business you have done with War Assets Corporation, as compared to the capital equipment you have of \$1,350,000, is hardly a drop in the bucket?—A. I must admit, Mr. Chairman, that the reason for that is that we have not had the opportunity to go out and buy materials because of lack of availability.

*By Mr. Shaw:*

Q. Prior to the middle of June, the Toronto Board of Education made certain purchases, \$6,000 worth, I believe, from War Assets Corporation. About the middle of June they made application for other equipment and were told that they would have to deal directly with an agent. Was this equipment which

you purchased similar in type to that which you applied for? Was some of that equipment similar?—A. Pretty much so, in that general category, yes.

Q. Was there a change of policy between the time they were sold this equipment and the time they were advised they would have to buy through an agent? If so, I think we ought to know why.

Mr. McILRAITH: That could be answered very quickly.

*By Mr. Shaw:*

Q. And secondly, I would like to know about this altered policy. How does it apply, or does it apply to more than that category of equipment, and if so why? Are school boards or boards of education the only bodies which are required to purchase through an agent? To what extent does it apply to other purchasers across the country?

Mr. McILRAITH: I think we could clear that up very quickly. The answer is that there was no change of policy. I would draw attention to Mr. Fuller's evidence. As I understood it, Mr. Fuller was told that this particular machinery was only available through a certain particular dealer by name. He was not told that the Board of Education could not buy from War Assets or anything of that nature. I understood his statement to be limited to the particular instance. I think that was the nature of his evidence. That was my understanding of his evidence.

Mr. SHAW: Were they to endeavour to purchase similar equipment now, should it be in the hands of War Assets Corporation, would they be permitted to buy direct from the corporation to-day?

Mr. McILRAITH: Certainly. We will have this transaction checked up to see just what did happen. I think Mr. Fuller has not said there was a change of policy. I think he says that in his transaction this is exactly what happened, that he must buy it through a particular dealer.

*By Mr. Golding:*

Q. I was just going to ask Mr. Fuller if his organization did make application to War Assets Corporation for material which War Assets Corporation did not have. Did you have an experience of that sort?—A. I think that is a fair statement; yes.

Q. It is true that War Assets Corporation set up a department for the educational organizations to deal through?

Mr. PROBE: You mean to buy through.

Mr. GOLDING: I mean to deal through. They have a representative of your educational organization for you to contact, if you have any requirements you wish to have filled. That is true, is it not, that War Assets did have some one?

The WITNESS: You mean, in Toronto or here?

*By Mr. Golding:*

Q. Here?—A. Yes, that is right.

Q. And in making application for your requirements, you contacted that particular department?—A. We did it several ways, but the way we were supposed to do it was to put in a list of requirements through the provincial officer, who would then contact the Ottawa man.

Q. And with respect to any orders which did go through your provincial representative, you had the usual priorities? The usual priorities were given to you in the purchase of goods that you did purchase?—A. We only purchased very little of what we asked for, but we did get priorities on that. For the rest, we did not get anything.

Q. Could you give the committee any idea of the equipment that you wanted to purchase from War Assets, which equipment they told you they did not have?—A. I could dig up some of that when I go back and send it to this committee. I have not the information here. There would be lists from time to time because we are a large purchasing organization. I would have to go in and see just what individual cases happened.

Q. You did want motion picture projectors, I suppose?—A. I have heard that there are none, so often that I did not even want to mention motion picture projectors. I would like to get something else.

Q. Did you make application for them?—A. I think we did in this list which you have on file here. I think they are in there, yes, I see they are in that list.

*By Mr. Murphy:*

Q. There is only one other point, then I would like to deal with the broader question. You have not made any other requisition than the one that has been discussed here?—A. No.

Q. Since we have got a better background of the position generally, have you discussed your brief with any other boards of education throughout Canada or educational bodies?—A. I must answer that we have an association which is a baby of our own called "The Ontario Association of School Business Officials". Recently there was a meeting of that organization in Niagara Falls when the very same question came up and when various people stood up and gave what their experience had been, and so on.

Q. From what cities?—A. All over Ontario, Ottawa, Peterborough, Windsor, and Sarnia.

Q. You did not have the brief prepared at that time; did you discuss the brief with any of them?—A. No, I did not discuss it with anybody. It is pretty well accepted as a statement of fact among these people.

Q. Then this brief is the result of the inquiries, discussions and deliberations which you had with other boards?—A. It is really our own information; but the same thing would apply to other boards to some extent. It does express the viewpoint of our school board although I would not be able to say that perhaps somebody else could express the subject matter differently.

Q. Have you discussed it with any school board since you came to Ottawa?—A. Yes.

Q. And you would say that they are favourable to your presentation?—A. I think that is a fair statement. They are here now in the room and if they care to answer they may do so.

Q. You ask that this committee consider three different recommendations; and of those three, which recommendation, from the educational standpoint and from the standpoint of the national interests of Canada, would you prefer having accepted by this committee?—A. If the difficulties which War Assets Corporation may have to overcome by making available to us equipment so we could go and get what we would like, the things we cannot get which everybody else in private business wants such as tables and chairs, etc.—they are very hard to get and we need them; lots of people are looking for them, not only school boards—many things of that kind; if they could be made available and upon indefinite loan, then so much the better. That is one of the primary things, and at low cost say.

Q. I want you to be more specific. You leave it to the committee to suggest one of three recommendations. Now, of those three recommendations, which would you advise this committee, speaking as an educational man, to be the most highly desirable from the standpoint of your people or from the standpoint of boards of education?—A. I think that the indefinite loan program extended for school boards, with a combination of the other recommendations



because there is no use unless you make the other suggestions available. There are two things, and I do not see how I can be pinned down to one without the last recommendation being in it as well. I think the indefinite loan would be more favourable, although we, as a larger school board in Canada, are willing to pay something if we can get it and we need it very badly.

Q. You would like to have special categories included along with the indefinite loan?—A. An extension of that program would, I think, be in order.

Q. With respect to the general policy, I notice in your brief you have specified some \$75,000 as an expenditure over and above what the provincial government allowed you. Have you ever figured, from the Toronto viewpoint, what those services and the use of the buildings and so on, would amount to?—A. You mean, if we had to do it ourselves?

Q. If you had to render a bill to the dominion government for services rendered and for depreciation on the equipment, what would that amount to?—A. Wear and tear was really tremendous. For instance, under school operation it is not like heating an office building or anything like that. There is a large system of boilers that have to be operated twenty-four hours a day; whereas, otherwise they would be banked down at three or four o'clock in the afternoon and would not operate at such a pressure. Also, the wear and tear on desks is quite an expensive proposition to rehabilitate. Is that what you mean?

Q. Yes; you could prepare more or less of an account by which, morally and probably legally, the dominion government would be indebted to your school board, and the same thing would be true with respect to school boards through Canada?—A. I might read this in answer to the present request and then, perhaps, I might be able to get some advice as to where to send this bill. This is a resolution that was passed on June 27 by our board.

*By the Chairman:*

Q. June 27 of what year?—A. Of this year, Mr. Chairman, 1946. I am sorry. It reads to this effect:—

That the business administrator prepare an estimate showing the cost of replacing or repairing equipment used in technical schools in connection with the War Emergency Training Program, including also an estimate for wear and tear on school accommodation, and that the estimate be presented to the dominion government authorities by a delegation consisting of, and so on.

The CHAIRMAN: Why the "and so on"? Why not read it and complete it?—A. Those were some people who would make up the delegation. There was the chairman of the board, a representative who was on the advisory vocational committee of the board, and the business administrator. I only mentioned that to answer your question that there is a thought about a bill, but we are not now talking about it here.

Mr. MURPHY: It is quite important as a matter of consideration for this committee.

Mr. McILRAITH: It is not for this committee at all.

Mr. BLACK: I think we should get specific information with respect to what the War Assets received for these machines or articles that were purchased or offered through a jobber or an agent or an intermediary. Mr. McIlraith has said that he would check certain information. These are specific machines purchased from a definite agent at a certain time. I think we should have the information as to what the intermediary or the agent or the jobber paid to War Assets for these specific machines and what profit there was, or what cost there was in that transaction or in the handling of them before they were offered to Mr. Fuller or his agent?

Mr. McILRAITH: I take it—it is not clear whether War Assets owned them at the time of the inquiry from the Toronto Board of Education.

Mr. BLACK: I would like to know what War Assets Corporation received for them.

Mr. McILRAITH: The information is not available this morning.

Mr. SHAW: Would you mind getting this information as well; if and when typewriters and duplicating machines become available, will they be offered direct to educational bodies or must they go through dealers or the original manufacturers?

Mr. McILRAITH: I have had the inquiry about typewriters, but not about duplicators. They are under way now.

Mr. SHAW: That is a specific question of my own.

Mr. PROBE: Is it not fair to say that the witness might have purchased this equipment direct from War Assets in all probability, ultimately, provided he was willing to pay them the same price he would the dealer?

Mr. McILRAITH: No, that may or may not be correct. I do not know. All that took place was that they sought to buy certain machines from War Assets and they could not do so. They were told that they were available through a particular dealer. I do not know what the reason for that was. It may have been that that dealer owned the machines and that War Assets knew that he owned them and just passed on the information to the Toronto Board of Education. It may be that War Assets was trying to make the Toronto Board of Education buy through that dealer, but we do not know.

Mr. PROBE: You would not think that they would act as an advertising agency.

Mr. McILRAITH: They have done a good deal of that and have passed on information for the benefit of others.

Mr. MURPHY: Following up the last question regarding the cost to schools of this service which we have to consider and find some recommendation, I have a letter from the Shawinigan Technical Institute, dated July 15, 1946, which I would like to read. The letter is addressed to Dr. Charles E. Phillips and reads as follows:—

## SHAWINIGAN TECHNICAL INSTITUTE

SHAWINIGAN FALLS, QUE.

July 15, 1946.

Dr. CHARLES E. PHILLIPS,  
Secretary-Treasurer, C.N.E.A.,  
Lord Elgin Hotel,  
Ottawa, Ontario.

DEAR DR. PHILLIPS,—War Emergency classes were held in this institute from June, 1940, until August, 1945. During that time our shops, particularly the machine shop, were in use from 7 a.m. until 1 a.m. the following morning. We trained approximately 1,100 young men for the war industries.

When we entered into an agreement with the federal government to take over the responsibility of training these young men—

Mr. GOLDING: This has absolutely nothing to do with this committee. We have nothing to do with what arrangements were made in the vocational schools and what expense they were put to at all. It has nothing to do with this committee.

Mr. MURPHY: Mr. Chairman, I submit that it has. Mr. Golding has been rising on a point of order at every meeting, that this committee should restrict itself to the directive which it has from the government. At every committee meeting he raises the same objection, that we must not deal with a question which is going to decrease revenue. But if we are going to get bills from these boards of education, then this committee wants to know. This committee should know that, as a basis for our decision. Now then, rather than to have such bills submitted by all those various boards of education, and in support of Mr. Golding's argument, let us, in view of that, make some recommendation which is going to cost the country nothing but which will save the country money. That is my point entirely, this morning, in examining Mr. Fuller.

Mr. GOLDING: If Mr. Murphy makes the statement that I have risen at every meeting—

Mr. MURPHY: Then I will say at every other one.

Mr. GOLDING: You had better be careful.

Mr. MURPHY: I will say that you have emphasized it and I appreciate the fact that you should.

The CHAIRMAN: On two occasions, Mr. Murphy, I think, in fairness to the point raised by Mr. Golding, I should draw your attention to the fact that letters—it was definitely agreed by the committee, perhaps, prior to your joining the committee—that letters would be placed before the steering committee before being dealt with by the main committee. I am going to rule with respect to this particular letter which you, no doubt, have already read three-quarters through that you read the rest of it—if it deals directly with this question.

Mr. MURPHY: I did not understand that you had a previous ruling.

It was understood that machines worn out because of their continuous use by the students would be replaced. We did receive some new equipment during that period, but at the end of the training period we found ourselves with a shop filled with worn out lathes, etc., which are practically valueless, and our whole training program has been held back because of the fact that our machine tools are in such a condition that very little use can be made of them.

When any one makes the statement that the federal government left our schools better equipped after the training program was finished than before, they should become more conversant with the facts.

We consider that the actual loss to this school in dollars value is approximately between fifteen and twenty thousand dollars. Under these conditions I consider you are perfectly justified in asking for machine tools and school supplies from the War Assets Corporation at a greatly reduced price. We do know that the War Assets Corporation now have in their store rooms large quantities of equipment which would be of particular value to technical schools, and which we cannot buy on the open market.

If these were released immediately for the use of the school, it would certainly help increase the efficiency of our school.

Yours sincerely,  
(Sgd.) C. N. CRUTCHFIELD,  
*Principal.*

Would you mind having the letter filed?

The CHAIRMAN: Very well.

Mr. MURPHY: I apologize for violating the rules of the steering committee.

The CHAIRMAN: Not necessarily the rules of the steering committee but of the committee in general. What is the date of the letter?



Mr. MURPHY: July 15th of this year.

Mr. MARIER: I see Mr. Murphy's point. If all these boards that have claims against the government are ready to renounce their claims upon receiving some goods from the government, it would be all right; but there is no proof actually that these boards will renounce their claims; so I do not see the benefit of a discussion at the present time about the cost in regard to these different schools or boards during the war.

There was an agreement with the government according to which agreement they will get a claim or not depending upon the particular terms of the agreement. But the fact that War Assets Corporation now will loan a certain part of their assets or will sell it at a cheap price will not affect such claims if there are any. So I do not see why you should bring before the committee all these claims to prove that during the war they have rendered services. We all admit that. We all admit that they did render great service to the war effort everywhere; but the fact that they can get a claim against the government is not a reason now, unless they renounce their claim. That is not a reason why they should come before the committee and ask for anything at a cheap price, or ask to have goods delivered to them by War Assets Corporation.

Mr. SHAW: Certainly we should be governed by that knowledge.

*By Mr. Cote:*

Q. I am not very clear on that transaction of June 13th which was referred to by Mr. Fuller. Am I to understand, Mr. Fuller, concerning that list of equipment and machines that you got in that deal of June 13th, that this list contained equipment which you had actually found and seen in some war plant or government-owned plant somewhere? Or, was this a list of requirements by your school board, generally? I want to make sure about that point.—A. There are two different things. There was a list submitted of required equipment and that list remains on record with the government. If we knew there were certain machines, no matter where they were—they may have been in a war plant, although I do not think these were if we knew where they were, our people would go to War Assets Corporation and ask if we could buy them. But in this case we were told that this list of machines was held by a firm of jobbers and we could buy them there.

Q. I refer specifically to the articles which you got on June 13th.—A. We did not buy them, as a matter of fact.

Q. Didn't you buy them through a dealer?—A. No, the transaction was not completed.

Q. But you filed a request with War Assets Corporation for those articles mentioned in your letter of June 13th.—A. Yes, that is right.

Q. Didn't you say that these articles had not been offered to you by War Assets Corporation but that you actually found them yourself through some intermediary and then specifically mentioned to War Assets that you required those articles?—A. I would not want to swear as to that now; please, I am not exactly clear of the details; but I know that our people found that those machines were available. I do not think that War Assets Corporation came to us and said: do you want these machines.

Q. That is not what I want.—A. That is what you asked me; you asked me if these machines were suggested to us by War Assets Corporation; and I said that our people went out and found them.

Q. Yes, you found those articles and you went to War Assets Corporation and asked if you could buy them?—A. Yes.

Q. Now, at the time, did you know that War Assets were the owners of them as agents for the government, or whether they had actually been sold to someone else?—A. They were surplus war equipment at the time.

The CHAIRMAN: Are you through, Mr. Cote?

Mr. COTE: The point I want to make clear is: it has been intimated here that there might have been a change of policy in this matter. I do not know whether I am clear on that point; but my impression is that you went to War Assets Corporation and said you were interested in a certain list of articles which you had been told were available; and my impression is that at the time these articles were not available by War Assets Corporation but were actually under the ownership of some dealer; and that in order to get those articles you had, of course, to apply to the right dealer, to the dealer who had become the owner of those articles; that is, you would have had to pay an extra 10 per cent.

Mr. SHAW: May I draw to your attention the fact that Mr. Fuller has made his position perfectly clear. He has said that he was not certain of exactly what happened; and Mr. McIlraith said that he would check to see what actually did happen.

Mr. PROBE: That is a very important point.

Mr. McILRAITH: I am sorry, but I gave way to let Mr. Murphy interject one short question. I think we should clean this up for all time. Mr. Murphy's one short question took the form of opening up a new subject and reading a letter; and then he was followed by Mr. Marier, then by Mr. Cote, and then by Mr. Probe. I want to ask a question. There is one point I would like to get clear. You referred to bulletin No. 71 of the Labour Department issued in the fall of 1943.

The WITNESS: Yes, sir.

*By Mr. McIlraith:*

Q. There have been substantial sales, something over \$2,000,000 to the Canadian Vocational Training Program from War Assets, up to March 31 of this year. That training program is run by the same dominion department that ran the War Emergency Training Program, and I take it that it is reasonably accurate to say that the type of equipment in the forty-two category of equipment bought under that program is the type of equipment that the schools would desire?—A. Yes.

Q. From your work, have you had occasion to find out or to know what disposition is being made of this equipment and goods bought by Canadian Vocational Training Program through the Labour Department, after the veterans are through with it? Are you aware of that?—A. I am not aware that anybody has said anything about what will happen to that equipment after the training program is finished.

Q. You have nothing on that point at all?—A. No.

Q. I take it that the educational institutions in Ontario up to the end of June bought \$547,000 worth of goods from War Assets Corporation. I take it that what you seek is a method, among other things—I will refer to indefinite loan in a moment—but on the purchase end of it, a method that would permit you a more ready access in buying these goods from War Assets, among other things?—A. I would say that was a fair statement.

Q. Some machinery is needed in that connection; and I take it that you also recognize that the demands are rather wide and that certain types of articles are known to be in very short supply and not likely to become available through War Assets. Would it be practicable to work out a specific list of articles which the school board generally could buy from War Assets under some favourable arrangement, and to exclude from the list all other articles? Would that approach to the problem be practicable or helpful? Would you care to comment on that point?—A. I think something along this line should be done; but I would not like to answer that just in that way only. I would like to say this, that even though certain articles may be in demand by private industry which would use



up all the available material or equipment that may be surplus at that particular moment, I still think that in view of the argument I have presented here, that the schools should have some share of that type of equipment. You may not agree with that. You may feel that that type of equipment should not appear in the list which you would suggest in that case.

Q. What I was coming at is this: it seems to me that priority, up-to-date, has been exercised in a pretty general way upon all articles. I will use one for the purposes of illustration here. We have trucks, trailers, and tractors. Actually, educational institutions in Ontario have been buying a small quantity of that type of goods and that type of equipment. I take it that after a careful working out, certain types of goods like that could be eliminated.

Mr. SHAW: What about agricultural colleges?

Mr. McILRAITH: Yes. Would there be any objection to giving to school boards rights, on the basis of specific articles, as opposed to generally across the board?

The WITNESS: I think that would go a long way. Your idea is to lay out some sort of a program. You suggest giving them the possibility of buying these things, but we do not know what is available or where it is or anything.

Mr. McILRAITH: I seek to get at some workable method. For instance, there are such items here as clothing. I take it that the needs of education generally could probably best be served if they gave up their right to clothing.

Mr. PROBE: Science classes. I do not think you can pin them down.

Mr. McILRAITH: I am merely using this as an example.

Mr. SHAW: Would it be that this would be specifically available, and some other articles may be available in the future.

Mr. McILRAITH: What I am seeking to get out is that they are trying to do business on a wide general basis, and I thought it would be helpful if it could be done on a narrower basis.

I think if you will look at the return table in the House of Commons, showing 42 types of article that educational institutions in Ontario have bought, it would be apparent from the reading of that, that some some could be eliminated, and Mr. Fuller has had a great deal of experience in the actual buying, and I wanted to get his opinion on that point.

Mr. FULLER: May I just continue, again. I was going to say that the materials you suggest should be made available.

*By Mr. McIlraith:*

Q. Assuming that that difficulty could be cleared up, is there any objection to eliminating some articles altogether from the goods that would be made available? Here is one article—passenger cars. The number of passenger cars that will become available can be readily ascertained. It would help the War Assets Corporation staff if they were eliminated from the lists of educational institutions, and it, probably, would not be any loss to educational institutes.—A. We buy cars and automobiles.

Mr. McILRAITH: I was trying to get somewhere. There is no use of talking in circles.

Mr. SHAW: Would you say that school boards would have something they did not need?

Mr. McILRAITH: No, but they are tying up the War Assets staff on certain articles that are not needed by school boards. The list will support it, if anyone will study it.

For instance, hospital equipment. School boards have actually bought hospital equipment.



*By Mr. McLraith:*

Q. In any event, is it fair to surmise it in this way that any favourable equipment go to the schools, but it should be possible to work it out on a specific list as opposed to the general list of War Assets goods?—A. I would say yes.

Q. All the articles on indefinite loan, up to this point, has been dealt with on the basis of general category. I think the term is "not commercially saleable." In any event, it is a general proposition. From your experience, would you think that it is possible to establish a specific list, assuming that you get efficient machines, if getting a specific category of an article?—A. I would have to know what War Assets had. If there is equipment of a type that War Assets knows would be satisfactory to a school, I would say, list it.

Q. Do you think that, in conjunction with a great many men in similar positions to yourself, covering representations of school boards, that a specific list could be worked out?—A. Yes.

Mr. MCGREGOR: Would you have to know what the corporation would have for sale?

*By Mr. McLraith:*

Q. The point I am making is this, that the corporation does not know in advance all the material and equipment that it would have for sale, but on the basis of its experience it could have a fairly good idea. Making such a list might involve some Boards of Education giving up a right to some article that might be of use to them, but also, if it were shown that it would facilitate them getting other articles that would be useful to them, I take it there would be no objection to that?—A. In other words, if you could get articles on indefinite loan that are not available now?

Q. I take that, as a matter of fact, you have not been getting an opportunity either to buy or get on indefinite loan anything like the equipment and the goods that the school boards could use?—A. That is true.

Mr. BLACK: How does that affect the outlying provinces?

The CHAIRMAN: I think the same information should be requested from the organization as represented by Mr. Phillips who, in turn, is representing the whole of the nine provinces.

Mr. MCLRAITH: I was using the Ontario figures because I had them before me.

Mr. BLACK: Ontario has already received \$547,000.00.

Mr. MCLRAITH: That is for Canada.

Mr. SHAW: Whatever policy is adopted will go right across the whole country.

Mr. MCLRAITH: Yes, that is right. I was merely using the Ontario figures.

The CHAIRMAN: Like many others from Ontario, you are overlooking the fact that we have other provinces.

Mr. MCLRAITH: No, I am not guilty of that. I have lived too long in the capital city to be guilty of that.

Q. I take it that you have no particular knowledge of the actual goods the Canadian Vocational Program has got?—A. I only know what was taken away from our buildings. I have an idea, but I have nothing to do with that.

Q. I take it that the goods and equipment that the Canadian Vocational Program have would be of prime interest to the technical schools only, and you desire to get, in addition to that type of equipment, equipment that would be useful to the ordinary public schools and the smaller public schools throughout the country?—A. Mr. Chairman, may I say this that in other schools, besides

technical schools, items such as restaurant equipment, refrigerators, and so on would apply. They have that equipment there, of course.

Q. So that we do not want to confine ourselves to technical schools only? —A. No, I used the technical school argument because they did more work during the training program.

Q. I take it that when you asserted yourself this morning, it was not for obtaining a claim against the government, but that schools should get fair treatment?—A. Yes.

Mr. MCGREGOR: Mr. Chairman, the witness has told us that some time ago they bought \$6,000 worth of stuff from War Assets, and then he makes another application and then he is told that he cannot buy it through War Assets, but through an agent, but he pays the same price from the agent as he did from the War Assets Corporation. I think that is clear. Mr. McIlraith says that they can apply to War Assets Corporation and buy direct. I think what this committee should say is, first, who are the people in War Assets Corporation that told him he could not buy from them direct, and who the agent is that he has referred to, and what commission the agent received for selling the goods. I think those are the three questions we should have answered.

Mr. PROBE: Mr. McIlraith is working on that point.

Before we break up, I want to bring a reference to this transaction, too. Provincial liaison officers, who are on the scout for the Boards of Education for their provinces apparently go to buildings where War Assets Corporation has stored certain equipment, and the liaison officers find certain equipment there. It would be reasonable to assume that that equipment is the property of the War Assets Corporation, and find out it is not.

I would like Mr. McIlraith to investigate this matter and find out if it is the case whether many dealers, who are making genuine purchases from the War Assets Corporation, are using the facilities of the War Assets Corporation to store their equipment until such time as they sell them.

It is a perfectly logical assumption from the evidence given by Mr. Fuller this morning, and it is further borne out in the evidence of the Royal Canadian Air Force indicated to this committee that they could not clear their buildings because War Assets Corporation had only taken over partial declarations, and I presume the same thing applies to other services, the Army and the Navy.

If they are not taking delivery from the War Assets Corporation, I think this committee should know about it. I would think that that policy requires very careful supervision on our part.

Mr. McILRAITH: That is a simple point to clear up.

Mr. PROBE: If that point is cleared up, it will make it impossible for a provincial liaison officer to see in a plant something which they happen to want, and which is apparently available, only to find out that it is owned by a dealer using War Assets Corporation property to store it.

The CHAIRMAN: Gentlemen, I take it that that concludes the evidence of Mr. Fuller, and on behalf of the committee, I wish to thank you, Mr. Fuller.

Gentlemen, I wish to table and have printed as an appendix, with your permission, a memorandum handed to me through the clerk on behalf of Mr. Charles E. Phillips, dated July 16, dealing with his requests in concrete form.

Mr. McILRAITH: It is a reprint of the recommendations he made.

The CHAIRMAN: What is your pleasure as to the next meeting?

Mr. BLACK: What will be taken up?

The CHAIRMAN: I will have to call the Steering Committee together to discuss with them as to the next witness, although we have a subject before us. I was going to consider with the Steering Committee as to whether it would be advisable to have before us Mr. Thompson of the Labour Department, who looked after the training scheme conducted by that department, to give any information that might be helpful.

Mr. McGREGOR: Is not the point we are dealing with whether the Boards of Education throughout the country can get these goods and what they have to pay for it?

Mr. McILRAITH: They may have it in so far as technical schools are concerned.

Mr. McGREGOR: They have not got them in Toronto.

Mr. SHAW: I am one who feels that we should have all the evidence from all sides, but I do feel that we should complete the educational situation before we go from that point. I would like to see Mr. Thompson here.

Mr. McGREGOR: Let us bring in the Board of Education of Ottawa.

The CHAIRMAN: The meeting stands adjourned until Tuesday, at 11 o'clock.



## APPENDIX A

THE CANADA AND NEWFOUNDLAND EDUCATION ASSOCIATION  
MEMORANDUM TO THE SPECIAL COMMITTEE ON WAR  
EXPENDITURES AND ECONOMIES

HOUSE OF COMMONS, OTTAWA

July 16, 1946.

The request of the C.N.E.A. as presented before the committee on July 11, 1946 is:—

- (a) that the category of articles available to educational institutions from War Assets Corporation on indefinite loan be widened to include articles placed in the intermediate or doubtful category by War Assets Corporation screeners when they are classifying articles as commercially salable or non-salable;
- (b) that the C.N.E.A. for the services it will render in distributing instructional equipment to educational institutions, be given a substantial price concession on the purchase of such equipment, with the understanding that, for the benefit of education, the concession, less the actual cost of transportation, handling, and administration, be passed on to the school or educational institution which purchases the equipment.

The above request is an alternative offered in place of the plan suggested in February, 1946, that the category of articles available on indefinite loan from War Assets Corporation to educational institutions be extended to include hand tools, projectors, and films, certain typewriters and certain other instructional equipment, with the understanding that the C.N.E.A. accept responsibility for allocating and distributing such equipment.

The C.N.E.A. is prepared to accept full responsibility entailed in either of these proposals.

CHARLES E. PHILLIPS,  
Sec.-Treas. C.N.E.A.,  
677 Dundas Street, West,  
Toronto, Ontario.











SESSION 1946  
HOUSE OF COMMONS

---

SPECIAL COMMITTEE

ON

# WAR EXPENDITURES AND ECONOMIES

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 29A  
(Appendix to No. 29)

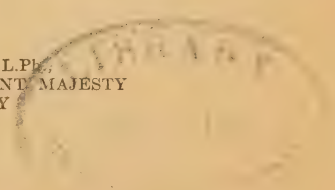
---

THURSDAY, JULY 18, 1946

WITNESS:

Mr. C. H. R. Fuller, Business Administrator and Secretary-Treasurer,  
Toronto Board of Education.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1946





#### NOTE

The briefs contained in this number were omitted from the evidence given by Mr. C. H. R. Fuller, Business Administrator and Secretary-Treasurer of the Toronto Board of Education, as recorded in No. 29 of the Committee's Minutes of Proceedings and Evidence of July 18, 1946.

These briefs should be inserted immediately following paragraph five, on page 927 of the Minutes of Proceedings and Evidence.

## BRIEF SUBMITTED BY MR. FULLER

*Being part omitted from Mr. Fuller's evidence reported in No. 29 of Minutes of Proceedings and Evidence and to be inserted on page 927 immediately following paragraph 5.*

July 16, 1946.

To the Chairman and Members of the Special Parliamentary Committee on War Expenditures and Economics:

GENTLEMEN: In support of the appeal the Board of Education of the City of Toronto is making at this time I am submitting the following schedules in connection with the matter of surplus war equipment being provided for schools. A brief is included in the following schedules:

*Schedule No. 1:* Copy of Bulletin No. 71, of the Dominion-Provincial War Emergency Training programme, dated October 5, 1943. This Bulletin is addressed to Business Administrators and Secretaries of Boards of Education, and asked us to submit before December 1, 1943, a list of our requirements divided into two sections,—the first section to list all items needed as replacements in the shops and classrooms used for War Emergency Training: The second section to list all items which would be needed for the expansion of vocational training. In this Bulletin it was stated that the Dominion Government was planning to distribute to the schools after the cessation of hostilities certain nationally owned machine tools and equipment now in use in war industries, as a gift, stating that the only cost to the Board would be the necessary freight and cartage expenses, and of course, installation.

*Schedule No. 2:* This is a catalogue, or classified index, of Machine Tools and Industrial Equipment owned by the Dominion of Canada through its Department of Munitions and Supply, Central Inventory Records Division. This catalogue lists a large number of machine tools and equipment by code numbers.

*Schedule No. 3:* This is a list compiled from the catalogue mentioned in schedule No. 2, of machine tools and equipment desired by the following schools in the City of Toronto:—

Central Technical School,  
Danforth Technical School,  
Western Technical-Commercial School,  
Northern Vocational School,  
Central High School of Commerce.

These lists were compiled after a meeting of all War Emergency Training Class Directors and are what, in their opinion, would be required for replacement and expansion for vocational training.

*Schedule No. 4:* In order to point out to the Dominion Government and to indicate what the Toronto Board of Education and its schools have done to assist in the war effort a list has been prepared for this schedule showing the activities of the Toronto Board of Education.

In connection with War Emergency Training Programmes certain of the caretaking costs were paid by the Dominion-Provincial Programme, as well as the salaries of teachers. However, the cost of fuel and light, and keeping these schools operating day and night to a much greater extent than would ordinarily be required, was very considerable as is indicated.

*Schedule No. 5:* A general brief for favourable consideration by the Department of Reconstruction of donations of certain surplus war property and equipment owned by the government.

Respectfully submitted,

C. H. R. FULLER,  
*Business Administrator and Secretary-Treasurer.*



## SCHEDULE No. 5

A BRIEF IN FAVOUR OF A REQUEST BY THE BOARD OF EDUCATION OF THE CITY OF TORONTO THAT THE DEPARTMENT OF RECONSTRUCTION LAY DOWN A POLICY FOR ITS AGENCIES, SUCH AS CROWN ASSETS ALLOCATION COMMITTEE AND WAR ASSETS CORPORATION, TO PERMIT THESE AGENCIES TO DONATE CERTAIN EQUIPMENT.

Any proposal concerning the disposal of post war surplus property to the needs of public education in the City of Toronto should be judged on the basis of the following facts:

1. Disposal of surplus equipment should benefit business, stimulate re-employment and assist in the readjustment of a vigorous and healthy economy.
2. Its disposal should contribute to a socially desirable purpose.
3. Its disposal should conserve the interests of the taxpayer.
4. In the fall of 1940 the schools of the City of Toronto were asked to cooperate in what was known as the Dominion-Provincial War Emergency Training Program for the Province of Ontario, with Mr. R. F. Thompson, upervisor of Training, at Ottawa, under the Minister of Labour.

Internal problems were created by the operation of the War Emergency Training Classes and frequently the ordinary routine of the school was greatly disrupted necessitating much readjustment and inconvenience. The trainees under this program used equipment owned and paid for by the Toronto Board of Education. There was also purchased for the Training Program, which is still in the schools, and on which the Board of Education paid 25 per cent of the cost.

The cost of operating the Program was borne by the Program itself, for instance, salaries of supervisors and instructors, clerical help, and certain allowances for additional janitorial services. The local Board of Education paid the increased cost of fuel, light, power, etc., as well as standing the cost of depreciation of its equipment and machinery.

The number of trainees under this Program using the schools of the City of Toronto was considerable, and this information is now in the hands of Mr. Thompson, who can be contacted at Ottawa.

To meet the needs of educational services in the City up to the present time cities have had to rely principally on property taxes plus a very small government grant; heavy debt services, shrinking property values, movements to the suburbs to escape high taxes, have all added to the increasing financial problems of the cities, and education has suffered along with other municipal services. Deferred maintenance and replacements have piled up.

Our problem of modernization and replacement of equipment is going to be beyond our financial ability to handle. Some of the equipment in our schools is more than thirty years of age and is of a type which should not be used for modern instructional practice. The condition of our machine tools has been

growing steadily worse during the war due to its excess usage in the carrying on of the War Training Program on a twenty-four hour basis. It is estimated that this is the equal of ten years' normal usage of our machines. Although the Federal Government paid for any repairs no payment was made for depreciation of this equipment by its excessive use.

In our vocational shops there is a diversity of demand for training, such as electricity, electronics, welding, sheet metal work, machine shop, automobile, aero-mechanics, wood working, pattern making, printing, plumbing, sewing on power machines, tailoring, and many others, and it will be highly important that these shops secure modern equipment and keep up with the improvements of techniques and equipment developed during the war. For instance, there will be a surplus of scientific and precision instruments, and testing equipment, which will be of use primarily to laboratories and educational institutions. Schools have relatively few sound motion picture projectors which have been used by the armed forces.

I believe that the Toronto Board of Education is willing to cooperate in post war training programs, after school hours if so desired, perhaps on a similar basis to the War Emergency Training Program, and this would itself eliminate some of the burden of vocational training which the government would otherwise be forced to take on. The use of our educational facilities would cut the expenses, and could be used as an argument as to why the schools should receive donations of publicly-owned surplus war equipment. If the government is interested in this phase I am sure a request would receive every consideration of the Toronto Board of Education.

It is hoped that the sale of equipment, which might be used by schools, to speculators for re-sale to schools will not be permitted. Such higher prices would mean that Boards of Education could not finance any rehabilitation of their existing equipment.

In addition to the intense use which has been made of equipment owned by the Board and used for vocational instruction in class rooms and shops, I wish to point out that our buildings have been subjected to a tremendous amount of wear and tear, and that donations of equipment may somewhat offset this aspect of the situation. If the government is not willing to donate certain equipment, the schools will be confronted with the immediate problem of who is going to recondition our present equipment. It may be that the donations of equipment, as far as the government is concerned, would almost offset the possible cost of reconditioning existing equipment. Naturally, any equipment that is donated should be in such a condition that it would NOT be expensive even as a gift.

C. H. R. FULLER,  
*Business Administrator and  
Secretary-Treasurer.*

Toronto Board of Education,  
July 16, 1946.







Gov. Doc  
Can  
Com  
W

(SESSION 1946)

(HOUSE OF COMMONS)

CAI XC 2

- 46 W 12

(SPECIAL COMMITTEE

(ON )

# WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 30

TUESDAY, JULY 23, 1946

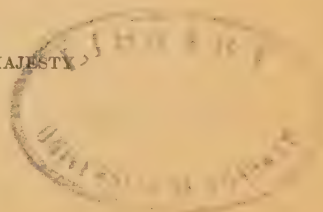
WITNESS:

Mr. R. F. Thompson, Director, Canadian Vocational Training Branch,  
Department of Labour.

OTTAWA

EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY,  
CONTROLLER OF STATIONERY

1946



## ORDER OF REFERENCE

TUESDAY, July 23, 1946.

Ordered,—

That the said Committee be given leave to sit while the House is sitting.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

---

## REPORT TO THE HOUSE

TUESDAY, July 23, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as a

### FOURTH REPORT

Your Committee recommends that it be given leave to sit while the House is sitting.

All of which is respectfully submitted.

GORDON B. ISNOR,  
*Chairman.*



## MINUTES OF PROCEEDINGS

TUESDAY, July 23, 1946.

The Special Committee on War Expenditures and Economies met at 10.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs, Benidickson, Bradette, Cleaver, Cote (*Verdun*), Golding, Isnor, Marier, Murphy, McGregor, McIlraith, Probe, Shaw, Stewart (*Winnipeg North*), Winkler.

*In attendance:* Mr. R. F. Thompson, Director, Canadian Vocational Training Branch, Department of Labour; Mr. H. R. Low and Mr. J. S. Irvin, Assistants to the President, War Assets Corporation.

The Chairman presented the Ninth Report of the Steering Committee.

On motion of Mr. Golding, the said Report was adopted.

The Clerk read a telegram sent to J. J. Brown, Todmorden, Ontario, requesting his attendance before the Committee on Thursday, July 25.

Mr. Thompson was called. He made a brief statement and was examined.

At 11.00 a.m., the Committee adjourned until 12.00 noon.

At 12.00 noon the Committee resumed, with Mr. Isnor in the chair.

Examination of Mr. Thompson was continued.

At 1.00 p.m. witness retired and the Committee adjourned until Thursday, July 25, at 10.00 a.m.

R. ARSENAULT,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 23, 1946.

The Special Committee on War Expenditures and Economics met this day at 10.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided:

The CHAIRMAN: Now, gentlemen, we have our quorum and we will immediately get down to business. In view of the fact that we must be through and adjourn at five minutes to 11 o'clock in order to present our report asking for authority to sit while the House is in session, I shall immediately call on the clerk to read the report from the steering committee.

The CLERK:

Your steering committee met on Monday, July 22, and now begs leave to present its ninth report.

Your committee had for consideration the following matters:—

1. Questions submitted by Mr. Gordon K. Fraser, M.P., respecting motorcycles and passenger motor vehicles declared surplus by the three armed services. (*See Appendix to this report*).

The clerk was instructed to forward these questions to each branch of the Department of National Defence concerned, with the request that the information sought by Mr. Fraser be filed with the committee.

2. A question submitted by Mr. G. H. Castleden, M.P., respecting materials and equipment sold by War Assets Corporation to firms, corporations, or individuals in Ottawa, Montreal, Toronto and Winnipeg. (*See Appendix to this report*).

It was ordered that this question be referred to Mr. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply.

3. The following communications between the chairman and Mr. J. H. Berry, President of War Assets Corporation:

Letter from the chairman to Mr. Berry, dated July 15, 1946.

"Enclosed please find marked copy of *L'Action Populaire* of Joliette, Que., issue of June 13, 1946, transmitted to me by Mr. Lalonde, with the request that an inquiry be made into the allegations contained therein.

Will you kindly peruse this article and acquaint me with the result of your inquiry into this matter."

Letter from Mr. Berry to Mr. Isnor, dated July 17, 1946.

I have your letter of July 15, 1946, sending me marked copy of "*L'Action Populaire*" of Joliette, Que., dated June 13, 1946. I am afraid it is not possible for me to investigate properly the complaint made in the paper, as it is of a very general character and does not specify where the raincoats, caps and shoes, which were destroyed, came from, or who was responsible or thought to be responsible for the destruction.

War Assets Corporation does not destroy anything which is saleable or considered to be useful for relief purposes and I am rather at a loss to understand how this article arose.



We seem to be rather deluged at the moment by articles ascribing what might easily be termed wanton destruction or waste to this Corporation and I am making every effort to run down the source of this unwarranted attack.

4. A communication from Captain G. B. Hope, submitting additional information in respect of the cost of reconditioning certain vessels. It was ordered that this information be tabled with the main committee and recorded in the Minutes of Proceedings and Evidence (*See Appendix to this report*).
  5. As a result of morning sittings in the House, your steering committee has authorized the chairman to call this day's meeting at 10.00 o'clock instead of 11.00 as previously arranged.
- Your steering committee also recommends that the chairman report to the House requesting that the committee be given leave to sit while the House is sitting.
6. It is further recommended that Dr. J. J. Brown writing under the pen name of Dr. Boris Sherashevski and Wing Commander E. G. Mahoney, who investigated the alleged mutilation of batteries as reported by Dr. Brown, be requested to appear before the committee at the first opportunity after Mr. R. F. Thompson has completed his evidence.

(Sgd.) GORDON B. ISNOR,

*Chairman.*

## APPENDIX TO THE STEERING COMMITTEE'S REPORT

### DEPARTMENT OF NATIONAL DEFENCE NAVAL SERVICE

OTTAWA, CANADA,

19th July, 1946.

DEAR SIR,—The attached list (25 in number copies) shows the position as of 15th July, 1946, of the 16 in number vessels for which reconditioning costs were not available when the previous list was presented for inclusion in the minutes of the committee dated 23rd May, 1946, pages 422 and 423.

2. It will be noted that negotiations on 9 of the vessels have since been completed leaving 7 to be finalized. It is anticipated that 4 of the remaining 7 will be completed in the very near future. The position at that time will be forwarded to you for furtherance to the committee.

Yours very truly,

(Sgd.) JOHN B. ROPER,

Cdr. R.C.N.

for (G. B. HOPE),

Captain, R.C.N.

A/C.N.A.S. (Equip.)

Mr. Arsenault,  
Secretary, Special Committee on War Expenditures  
and Economies  
House of Commons,  
Ottawa.

Expenditures on Yachts and Auxiliary Naval Vessels Cost of reconditioning the undernoted vessels listed in pages 422 and 423 of minutes of proceedings and evidence of War Expenditures and Economies, Thursday, 23rd May, 1946.

<i>Macsin</i> .....	\$21,136 50
<i>Anna Mildred</i> .....	Nil. Owner's estate have accepted vessel "as is". Department to deliver vessel from Quebec, P.Q. to Midland, Ont.
<i>Chimon</i> .....	1,476 31
<i>Lady Baltimore</i> .....	8,700 00
<i>Elizabeth</i> .....	451 25
<i>Minnicog</i> .....	623 40
<i>Wassau II</i> .....	6,013 47
<i>Pathfinder</i> .....	20,000 00
Harbour Craft 91 (previously shown as H.C. 91) .....	1,365 00

Final arrangements regarding the following vessels have not yet been completed:

*Glenfruin, Acadia, Pilot Boat, Oriole IV, Siyo II, Shirl and Cleopatra*

---

QUESTIONS BY MR. FRASER, M.P.

1. How many motorcycles have been declared surplus by the Department of Naval Affairs?
2. What are the departmental number of the Surplus Declaration forms in each case?
3. On what dates were declarations of surplus motorcycles made?
4. How many of these motorcycles have been disposed of through War Assets Corporation?
5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?
6. In what province or provinces are the remainder of these motorcycles now located?

(Sgd.) GORDON K. FRASER.

- 
1. How many passenger motor vehicles have been declared surplus by the Department of Naval Affairs?
  2. What are the departmental numbers of the surplus declaration forms in each case?
  3. On what dates were declarations of surplus motor passenger vehicles made?
  4. How many of these vehicles have been disposed of through War Assets Corporation?

5. How many of these vehicles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?
6. In what province or provinces are the remainder of these surplus vehicles located?

(Sgd.) GORDON K. FRASER.

---

1. How many motorcycles have been declared surplus by the Department of National Defence (Army)?
2. What are the departmental numbers of the surplus declaration forms in each case?
3. On what dates were declarations of surplus motorcycles made?
4. How many of these motorcycles have been disposed of through War Assets Corporation?
5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance with the policy which grants them priority of purchase?
6. In what province or provinces are the remainder of these motorcycles now located?

(Sgd.) GORDON K. FRASER.

---

1. How many passenger motor vehicles have been declared surplus by the Department of National Defence (Army)?
2. What are the departmental numbers of the surplus declaration forms in each case?
3. On what dates were declarations of surplus motor passenger vehicles made?
4. How many of these vehicles have been disposed of through War Assets Corporation?
5. How many of these vehicles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?
6. In what province or provinces are the remainder of these surplus vehicles located?

(Sgd.) GORDON K. FRASER.

---

1. How many motorcycles have been declared surplus by the Department of National Defence for Air?
2. What are the departmental numbers of the surplus declaration forms in each case?
3. On what dates were declarations of surplus motorcycles made?
4. How many of these motorcycles have been disposed of through War Assets Corporation?



5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority to purchase?
6. In what province or provinces are the remainder of these motorcycles now located?

(Sgd.) GORDON K. FRASER.

---

1. How many passenger motor vehicles have been declared surplus by the Department of National Defence for Air?
2. What are the departmental numbers of the surplus declaration forms in each case?
3. On what dates were declarations of surplus motor passenger vehicles made?
4. How many of these vehicles have been disposed of through War Assets Corporation?
5. How many of these vehicles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?
6. In what province or provinces are the remainder of these surplus vehicles located?

(Sgd.) GORDON K. FRASER.

---

How many motorcycles declared surplus by the Department of National Defence, Army, Navy and Air, respectively, are still in the hands of War Assets Corporation?

(Sgd.) GORDON K. FRASER.

---

How many motor vehicles declared surplus by the Department of National Defence, Navy, Army and Air respectively, are still in the hands of War Assets Corporation?

(Sgd.) GORDON K. FRASER.

---

#### QUESTIONS BY MR. CASTLEDEN, M.P.

July 8—1. To what firms, corporations or individuals in, (a) Ottawa; (b) Montreal; (c) Toronto; (d) Winnipeg, have surplus (1) scrap metal; (2) plumbing fittings and fixtures; (3) electrical equipment; (4) trucks; (5) passenger cars; (6) tractors; (7) machine tools and equipment; (8) aircraft engines; (9) non-ferrous metals; (10) clothing, been sold by War Assets Corporation or War Assets Limited in excess of \$4,000?

2. What is the value of the sales made to each of such firms, corporations or individuals as of April 1, 1946?

3. Which of the above firms, corporations or individuals are classed as "recognized dealers" by War Assets Corporation?

The CHAIRMAN: Gentlemen, you have heard the reading of this report from the steering committee. What is your pleasure?

Mr. PROBE: Have you a copy for us so that we may look at it?

The CHAIRMAN: It will be printed. Are there any objections?

Mr. MCGREGOR: Just a minute. In connection with the shoes, did I understand Mr. Berry to say that these shoes did not come from his department?

The CHAIRMAN: That is what the letter stated.

Mr. MCGREGOR: I do not think it made it very clear then.

Mr. MURPHY: Would the clerk read over Mr. Berry's reply?

*The Clerk:—*

Letter from Mr. Berry to Mr. Isnor, dated July 17, 1946.

I have your letter of July 15, 1946, sending me marked copy of "l'Action Populaire" of Joliette, Que., dated June 13, 1946. I am afraid it is not possible for me to investigate properly the complaint made in the paper, as it is of a very general character and does not specify where the raincoats, caps and shoes, which were destroyed, came from, or who was responsible or thought to be responsible for the destruction.

War Assets Corporation does not destroy anything which is saleable or considered to be useful for relief purposes and I am rather at a loss to understand how this article arose.

We seem to be rather deluged at the moment by articles ascribing what might easily be termed wanton destruction or waste to this Corporation and I am making every effort to run down the source of this unwarranted attack.

Mr. MCGREGOR: He doesn't say that it did not come from there.

Mr. COTE: Was that in reference to the matter which was brought up by Mr. Lalonde?

Mr. McILRAITH: It is the first item brought up.

The CHAIRMAN: You are right.

Mr. COTE: I know that this matter came through a colleague of Mr. Lalonde. I shall bring it to his attention, the reply, and see whether he could give the particulars asked for by Mr. Berry.

The CHAIRMAN: Thank you.

Mr. MURPHY: Before you leave this matter, I do not think I would be prepared to accept Mr. Berry's explanation as to whether or not they were destroyed, and that sort of thing, because there is so much evidence before us that goods have been destroyed.

The CHAIRMAN: What do you mean you are not prepared to accept this? You will have to accept the letter. Whether you agree with it or not is another question.

Mr. MURPHY: I say that I do not agree with it, then.

Mr. PROBE: Before the report is carried, I would like Mr. McIlraith to tell us what has happened on the typewriter question. I do not think it has been included in any minutes of proceedings. I do not want it lost.

Mr. McILRAITH: It is not lost, I can assure you.

Mr. PROBE: How long will it be before we are able to get a report?

Mr. McILRAITH: I cannot give you a definite time, but I hope very soon. I have been checking on it every day.

Mr. PROBE: I do not want it just to disappear.

Mr. McILRAITH: It is not disappearing.

The CHAIRMAN: It is moved by Mr. Golding and seconded by Mr. Shaw that the report as tabled be approved. All in favour say "aye". Those opposed, if any?

Carried.

In order to have this on the record, I think we had better have a copy of the telegram read as sent by the clerk.

The CLERK: Following the recommendation of the steering committee, the following wire was sent:—

OTTAWA, July 22, 1946.

J. J. BROWN,  
R. R. 1,  
Todmorden, Ontario.  
(Telephone Agincourt 29-M-12)

House of Commons special committee on War Expenditure and Economies requests your attendance before the committee at Ottawa at ten o'clock Thursday morning July twenty-fifth in House of Commons room four-twenty-nine stop Please acknowledge by wire.

(Sgd.) R. ARSENAULT,  
*Clerk of the Committee.*

The CHAIRMAN: Now, gentlemen, with your approval, I shall call Mr. Thompson of the Department of Labour, as agreed by our steering committee. Mr. Thompson, would you be good enough to come forward.

**Mr. R. F. Thompson, Director of Training, Department of Labour, called:**

*By the Chairman:*

Q. Would you give us your name?—A. Robert F. Thompson.

Q. And your duties?—A. Director of Training, Department of Labour.

Q. Would you tell us what work you supervise or look after?—A. Shall I make a general statement?

Q. Yes.—A. Then, I would be glad to answer any question that I can hear, because I have the advantage of being somewhat deaf. The work of which I am the director consists of carrying on different training programs of a vocational nature under agreement with the different provinces. All the training that we do is done co-operatively with the provincial governments, because they regard vocational training as part of education and therefore it comes within their provincial field of jurisdiction.

So we have worked out a series of agreements to cover different types of training that we carry on. Those types are as follows: First and most important at the present time is the vocational training of the discharged members of the forces. Secondly, we have a ten-year agreement dealing with apprentice training in the designated trades under the Provincial Act. We have a Youth Training Agreement which has been in operation under one form or another now since 1937 and which formed the nucleus of our whole training program.

We have another agreement of assistance to vocational schools on the secondary school level, by which the Dominion government provides financial grants and contributions to vocational training in the provinces. We also have a plan for the training or the re-training of workers released from gainful employment, as they may be selected by the National Employment Service offices and local provincial committees.



As I understand it, Mr. Chairman, what the committee is particularly interested in hearing about is the method by which we obtain equipment and the use to which that equipment is put. Is that correct?

The CHAIRMAN: I think that covers it except that there would be an enlargement on that question arising out of inquiries made by members of the committee.

The WITNESS: Let me say this: that in the Apprentice Agreement and the Youth Training Agreement the purchase of all equipment—and when I use the word “equipment” I mean items of a capital non-expendable nature—the purchase of all such items is made, in the first instance, by the province; and we refund to the province 50 per cent of the initial cost.

*By Mr. Probe:*

Q. That was in the two fields, apprentice training and youth training?—A. Apprenticeship and youth training agreements stipulate that when these items of equipment are no longer required for joint co-operative training, under the agreement they become the sole property of the provincial government.

Under our agreement for vocational schools, we have an annual appropriation of \$2,000,000 which covers a period of ten years; and we have a special appropriation of \$10,000,000 to be spent prior to March 31, 1948. The latter appropriation must be used entirely for capital expenditure either for buildings or equipment; and also, certain percentage of our annual appropriation may likewise be used for capital expenditure. Under that agreement the province again buys the equipment needed in the first place according to the requirements of the individual schools which they are trying to service. They submit a list of that to our office, and if each project submitted is approved by our minister, then we reimburse the province 50 per cent of the cost of the buildings or equipment, as the case may be. That equipment then and those buildings become the sole property of the province or of the municipality if the province wish to pass on the title to them; in other words, that agreement is a modern edition of the old Technical Education Act. Under all those agreements the province can buy equipment as, where and when it becomes available.

Under our training for veterans, which is our major responsibility at the present time, we have a clause in all our agreements with the provinces that equipment which is purchased solely by the dominion government and paid for solely by the dominion government remains our property. That equipment may be bought from War Assets Corporation or from any other source where it is available. Any equipment in which the province shares the cost on a fifty-fifty basis must remain available for the training under our agreement as long as required. When it is no longer required for that purpose, it becomes the sole property of the province. In our different agreements for the training of veterans the following provinces have indicated their willingness or their desire to share in the cost of such items of equipment as they think will be useful to them on a permanent basis: the province of British Columbia; the province of Ontario; the provinces of Nova Scotia and Prince Edward Island. In Manitoba the province has shared in the purchase of comparatively few items. This equipment includes machine tools of the different industries, electrical, radio equipment, motor mechanics equipment—almost everything you can think of, even including dormitory and messing equipment; because during the last 12 months, whether we liked it or not, we have been obliged to provide housing and cafeteria services for these veterans at a good many of our schools. Otherwise they could not have been accommodated. So we have had to purchase beds, mattresses, all sorts of dormitory equipment, all sorts of cafeteria and kitchen equipment, so that our purchases covered a fairly wide range. As to the source from which we got this equipment, we naturally looked in the first place to War Assets

Corporation to meet our requirements. We submitted to the corporation our preliminary list of requirements, I think it is about 3½ years ago. Of course at that time there was none surplus. In order to get equipment from the corporation, we have to wait until it has been declared surplus either by industry or by the armed services; and when it is declared surplus then we have our request in for it as to where we want it shipped. Everything that we obtain from War Assets Corporation we have to pay for. We get nothing for nothing.

*By Mr. Benidickson:*

Q. Do you get any special discount?—A. We get the same discount as anybody else, and that varies according to the type of equipment and the length of time during which it has been used. Up to last summer the amount we got from the corporation was negligible and we were faced with an extremely serious problem. We had the responsibility for training veterans and it seemed difficult, almost impossible, to obtain the necessary equipment and buildings in which to provide adequate training. I took the attitude—and I think I had the support of our minister and deputy in that—that it was our responsibility to train these men and these women, and if we could not get equipment from one source we would get it from another; because, gentlemen, we had to have the equipment. At the present time, for instance, we have over 38,000 veterans in training at different schools. As I say, up to a year ago we obtained little or nothing; but since that time, and thanks to the very excellent co-operation we have had from Mr. Berry who has gone out of his way to assist us in every way possible, our needs at present in the way of capital items have been fairly adequately met. We have not got everything we needed but I do not think at the present time we have any real cause for complaint. We have not had the highest priority. A year ago our procurement officer was authorized by Mr. Berry to go into certain war plants from one end of Canada to the other with a representative of the corporation, look at any items that had been declared surplus, and if they were on our list of requirements, to take them over and leave instructions as to what school they should be shipped to. In that way we put tags on a great many machine tools throughout the country. Unfortunately, about 50 per cent of those never came to us at all. They were diverted to war industry, and we had to look elsewhere for those items. So that from time to time, in addition to depending on War Assets Corporation, we have bought from outside sources wherever and whenever we could find the supplies available.

This spring, again through the co-operation of Mr. Berry, War Assets Corporation decentralized their sales policy so that instead of having to funnel all our requirements through our different regional directors to our office, transfer them to the head office of the corporation, see where the equipment was and then arrange for its distribution, Mr. Berry arranged for our regional directors or their accredited representatives to go into any of the local warehouses or storehouses of War Assets Corporation throughout the country and take with them a list of our requirements. If in those warehouses our representatives came across items which they needed and which had not been, up to that time, declared surplus to the head office of the corporation, we could sign for those items and take them away to our schools. That was a very great help. If they had been declared surplus to the head office, then of course our provincial representatives had to notify us and we in turn notified the head office of the corporation so that we could get them shipped where needed on requisition from the head office. The reason for that, of course, was to avoid selling the same article twice. If an item had already been declared surplus to the head office of the corporation, the chances are that they might have disposed of it or arranged for its disposal to some other organization; and if our representative had gone into the local warehouse and the local manager had given it to us, you would have had two people claiming the same tool, with resulting chaos. It has been difficult, the whole



question of obtaining equipment and buildings. I would say without any doubt it has been the most serious problem we have had to face in the training of veterans. I think we are fairly well on top of it. We have had to buy fairly substantial amounts of equipment, some through the corporation and some elsewhere. I have here a statement that our procurement officer drew me up, and while I do not think that it is absolutely accurate, it does represent approximately the purchases of major items of equipment that we have made from War Assets Corporation for training purposes up to about the beginning of this month. But this all has not been paid for. Some of it we may not even get. But those items that we have requested or for which purchase orders have gone out although the accounts have not yet been passed, amount to approximately \$2,718,000. Of that amount, accounts have been passed totalling approximately \$980,000. Of that, the provinces so far have shared in the cost of about \$34,000.

*By Mr. McIlraith:*

Q. Just at the point may I ask this. You say the provinces have shared up to the extent of \$34,000. What provinces?—A. I will give you the approximate figures: British Columbia, \$3,000; Manitoba, \$144; Nova Scotia, \$3,807; Prince Edward Island, \$708. That is all equipment bought from War Assets Corporation. In addition to that, as I said a moment ago, we have had to put in requisitions to purchase equipment from other sources. Some of that equipment has been paid for solely by the dominion and some of it has been shared jointly with the provinces. The figures that we have show that in the past two years on that basis we have paid approximately \$76,000 to other organizations for major items of equipment. We have also shared with the provinces in the purchase of major items of equipment from outside sources to the amount of a little over \$600,000. The provinces that have shared in those purchases are as follows. I will give you the name of the province and the amount of the dominion payment, which is equal to the province payment. These will be approximate figures again:

Prince Edward Island.....	\$ 2,800
Nova Scotia.....	8,900
Quebec .....	13,000
Ontario .....	266,000
Manitoba .....	4,800
British Columbia.....	7,600

*By Mr. McGregor:*

Q. You say outside sources; you mean you bought them on the market, do you?—A. They were bought probably from local dealers and manufacturers or in some cases we have bought up the equipment of a barber shop or shoe repair shop or something of that nature—wherever we could get it. We have had our people scouring the retail stores. The situation has been so acute we have gone around retail stores digging up a hammer here or a couple of saws there in order to meet our needs.

Q. This stuff you have bought from outside sources was the stuff you could not purchase from the War Assets Corporation?—A. Supplies we were not able to obtain from the War Assets Corporation.

*By Mr. Benidickson:*

Q. This \$600,000 covers the items in which you have made a contribution to the provinces?—A. Yes.

Q. The purchasing agent with respect to this \$600,000 is the province?—A. Right.



*By Mr. Probe:*

Q. This is not on the veterans' training program; this \$600,000 you have spent deals with some other phases of training other than veterans?—A. No, that is all veterans. I had better make it clear at this point that we have no responsibility for procuring equipment from any source for the regular vocational schools, either municipal or provincial.

Q. You mentioned all these other forms of training but you did not indicate in your evidence on which branch this money was being spent.—A. I should add, I think, Mr. Chairman—I noticed in reading from the minutes that there was evidently some misapprehension as to what our functions were with regard to supplying equipment for the regular provincial and municipal schools. We have no responsibility; it does not come under our jurisdiction for purchasing equipment for the regular schools. We did during the war make very extensive use of the shops in a good many of these schools; we used them two or three shifts a day for a period of two or three years, and as a result we did not do their equipment any good. Admittedly a lot of it was pretty obsolete when we started, but it was still worse depreciated at the time we were through. So we got authority a little over a year ago to reimburse the province or municipality for 75 per cent of the cost of replacing items that had been seriously depreciated owing to our use of them during the war emergency training so far as those replacement items were available from War Assets Corporation. We did not authorize purchase of new equipment from outside dealers, and we have in our estimates for this year \$1,250,000 to take care of that. We worked out a procedure to simplify the acquisition of these replacements because we had to be a bit careful as to what we approved as replacements. We did find the tendency in some places to ask us to replace stuff they never owned, and we had to watch that.

Q. What do you mean by that? That is a rather strong statement, I would say. What do you mean precisely?—A. I do not blame the schools a bit if they could get away with it. We go into a school and we use some of their lathes, say. That school has not got a milling machine and they need it very badly and they say: "Now, instead of getting two or three more lathes we would like to get a milling machine." As I say, I do not blame them a bit, but we cannot do it under our policy because it is not a replacement. Although I think from a long-range point of view it will be better for the school to obtain a milling machine, we cannot do that.

*By Mr. Shaw:*

Q. Before the witness proceeds may I get one thing clear? Are purchases which are made for vocational training made by the Department of Labour as such?—A. For the replacing of depreciated equipment?

Q. For all veteran training?—A. I thought I had explained that. Anything from War Assets Corporation we purchased direct.

Q. Maybe I have not made myself clear. Whenever purchases are made for veteran training where the dominion government puts up the money is the purchase made by the Department of Labour "in the name of"?—A. Not in all cases; in a great many cases where the minister has approved the purchase of equipment, comparatively small amounts, the authority is given for that to be purchased through the province and charged back to us when the provinces submit their claims.

Q. I still probably have not made myself clear, Mr. Chairman. Whenever any money is put up by the dominion government for purchases in connection with veteran training, is that money put up in the name of the Department of Labour?—A. No.

Q. Where does it come from?—A. The money comes ultimately, as I tried to explain, from us, but I pointed out we are working an accommodation agree-

ment with the provinces and if the provinces say—say we get notification that they need certain items of equipment which we cannot get from War Assets, then we get ministerial approval for the province purchasing those items through any other source they can. The province purchases them and pays the invoice and then they bill us. That is the stuff they are paying half the cost of. They bill us for 50 per cent. If it is an item we are responsible for they bill us for 100 per cent, and that is subsequently paid to the province.

Q. That has to do with the method. Over a period of years the dominion government put up \$76,000 on purchases from outside sources; was that money in the name of the Department of Labour?—A. I think I just answered that.

Q. Maybe we misunderstand one another. You stated earlier that you did not by any means enjoy the highest priority as a government department. I say you enjoy the highest priority when it comes to the purchase of goods from War Assets Corporation.—A. Maybe that is what you think.

Q. No, I am asking a question.—A. It did not work out that way. We did not have the highest priority from War Assets Corporation.

Q. Who came ahead of you?—A. Industry had the highest priority.

*By Mr. Golding:*

Q. This \$600,000 you spoke of—did the province assume 50 per cent of that \$600,000?—A. Of that \$600,000, yes, they paid half the cost.

Q. The amounts that you set forth in your statement for each province were very small amounts.—A. As I pointed out in most provinces they have said: this is for veterans' training, it is the responsibility of the dominion government to buy it. It is quite logical and quite right. At the same time I know that these provinces are hoping when we are through with it that we will say to them: "Now, you can buy this at a reduced cost from us or we will give it to you." Now, that is a vain hope as far as we are concerned. We tell them verbally and in correspondence repeatedly that if we buy any equipment and pay 100 per cent of the cost that remains the property of the dominion government, and when we are no longer in need of it we have no authority to sell that to the province or anyone else. When we are through with it we will declare it surplus and turn it over to War Assets Corporation and they in turn, I suppose, will sell it to someone and make a double profit on the same item of equipment, we having bought it in the first place.

Q. Actually this \$600,000 that you claim you have spent—the provinces have paid only a fraction of the percentage which they are supposed to pay; is not that true?—A. No, I have said of this \$600,000 the province has paid 50 per cent of the cost. It was bought 50-50.

Q. You gave us what the provinces had paid; could you tell us— —A. No, that other figure to which you are referring—the small amount—is the amount we have received cheques for from each province on behalf of the items bought from War Assets Corporation.

*By Mr. McGregor:*

Q. That has nothing to do with the \$600,000?—A. There are other items bought from outside sources.

*By Mr. Golding:*

Q. Now, if they had paid 50 per cent of that, could you give us the amount each province has paid in regard to the \$600,000?

Mr. McILRAITH: He did give us that.

Mr. GOLDING: No.

Mr. MCGREGOR: They have not paid their share of the \$600,000.

The WITNESS: Yes, they have paid half of that—the \$600,000 purchase was shared equally between the province and the dominion.

Mr. STEWART: Tell us what each province paid.

The WITNESS: I did give you those figures. I will repeat them. These are approximate figures:—

Prince Edward Island .....	\$ 2,800
Nova Scotia .....	8,900
Quebec .....	13,000
Ontario .....	266,000
Manitoba .....	4,800
British Columbia .....	7,600

And the total of that is roughly \$303,000.

*By Mr. McGregor:*

Q. Could you tell us at what date this \$600,000—was purchased—when was this \$600,000 purchased?—A. That has been purchased approximately from April 1, 1944, until the end of June, 1946.

Q. And you say that War Assets had none of the goods that you purchased for this \$600,000?—A. I do not say they did not have them; I say we could not get them.

Q. You could not buy them?—A. In some cases they were items which they did not—

Mr. McILRAITH: They were not in existence in the first part.

Mr. MCGREGOR: All right. I think we should have a list of this stuff that was bought and when it was bought so we can find out when they were in existence and when this stuff was bought and find out just what War Assets had at that time.

Mr. McILRAITH: That is all right.

*By Mr. McGregor:*

Q. Another question in regard to the discount. Would you get the same discount as anybody else on machinery; did you get the discount that the dealers get?—A. I do not know what discount the dealers get, but there was a regular fixed schedule of prices. I think if I am not mistaken, Mr. McGregor, but I think that was passed by order in council that the depreciation on certain items of machine tool equipment was so much per cent per annum.

Q. I quite understand, but that is not the point.

The CHAIRMAN: Mr. McGregor asked for a complete list of this equipment—

Mr. MCGREGOR: This \$600,000 that was purchased.

The CHAIRMAN: That is why I interrupted the witness. Mr. McIlraith says we can get that.

Mr. McILRAITH: No, I did not say we could get that. I said that Mr. McGregor pointed out that War Assets did not give this stuff, when War Assets is asked—

The CHAIRMAN: I hesitate to see that go on the record and we as a committee agree to that because it is going to mean a great deal of work to compile a list of equipment running into \$600,000 worth of miscellaneous items. It will take as the witness states six months. If it is going—

Mr. MCGREGOR: Do you say it will take six months?

The CHAIRMAN: The witness stated so.

Mr. MCGREGOR: I object to such a statement made in this committee that it will take six months to get a list of the goods they have bought.



The CHAIRMAN: The witness stated it will take six months. Is that not what you said?

The WITNESS: I would not like to be held to that six months' period, but it will take a long time, and we have a very small staff. As a matter of fact, most of that we will have to write the provinces about and get the list of individual items, and I think it will take months.

*By Mr. McGregor:*

Q. You have a bookkeeping system and a record of everything that is being bought?—A. We do not keep a record—

Q. You do not keep a record of the goods— —A. The inventory is kept in the province.

Q. The inventory is kept in each province of everything that is being bought?—A. We have a record in our own office of the major items we have bought at dominion cost from War Assets.

Q. Let us get this one thing clear. Do you mean to tell me you are running a department here and you are buying goods you turn over to the provinces and you have no record of it?—A. No, the inventory is kept by the treasury officer in each province.

Q. You have no record of that in your office in Ottawa?—A. No.

Mr. BENEDICKSON: Those are the goods purchased by the provinces themselves.

The WITNESS: We know the goods purchased, but the inventory is kept, as I say, in the treasury office.

*By Mr. McGregor:*

Q. What I am asking for is a list of the goods purchased and when they were purchased.—A. We could give you that. It would take some considerable while to compile that. I should say this, Mr. Chairman, that we issue authority to buy certain items up to, say, \$500. That authority goes out and when they actually go to buy them they may find that some of those items cannot be obtained, so we may have authority to purchase up to \$500 on our books and when the actual accounts come in they probably will only have bought \$200 or \$300.

Q. I think it is possible to get that list and I think we should have it.

The CHAIRMAN: If it is the wish of the committee that Mr. McGregor's request be complied with that is all right, but I am pointing out to you as chairman that this list will take a considerable time and it is going to cost considerable money.

Mr. MCGREGOR: I differ with the chairman.

The CHAIRMAN: If it is going to serve any good purpose even—

Mr. MCGREGOR: I think it does serve a good purpose.

The CHAIRMAN: What is the purpose of it?

Mr. MCGREGOR: The purpose is that I want to know whether those goods were available in War Assets at the time this stuff was bought.

Mr. GOLDING: You had better start with when War Assets was set up.

Mr. BENEDICKSON: I do not think War Assets was functioning at the time the provinces went out to buy a lot of those goods.

Mr. MCGREGOR: Very well. All we have to do is get the date these goods were bought and then we know whether War Assets was functioning or not. On the other point, as far as the discount is concerned, the witness stated—

The CHAIRMAN: Gentlemen, is it your pleasure that the information requested by Mr. McGregor be procured?

Mr. PROBE: Might I put it this way. I think if the provincial treasury officer is keeping proper records and if he has available the inventories of the purchases made on behalf of the Department of Labour, it might be possible that he could send us a duplicate quite readily that would serve our purposes.

Mr. BRADETTE: Not quite readily. There is nothing done quite readily in a matter of this kind.

Mr. McILRAITH: Just before the thing is carried, Mr. Chairman, may I ask if we are not getting away off the track altogether?

Mr. BRADETTE: We certainly are.

Mr. McILRAITH: These are items bought in the last 2 years by the provinces.

Mr. MCGREGOR: Right up to date.

Mr. McILRAITH: Right up to the end of June this year, other than from War Assets.

Mr. PROBE: Not altogether.

Mr. McILRAITH: No. It is this \$600,000 worth bought other than from War Assets. The point Mr. McGregor is interested in is a proper point. I am not quarrelling with him on that. He wants to know if these goods purchased were available from War Assets, and we are going to go away down this side road on a long tangent and spend our time in getting this bit of information. I just want to point out that that covers a period before War Assets Corporation was authorized by parliament, before the organization was set up. It covers a period from before the end of the war against Germany and it covers the period of more than a year before the end of the war against Japan.

Mr. PROBE: It was set up in 1944.

Mr. McILRAITH: During the 1944 legislation. The war in Europe ended in May 1945 and with Japan in August 1945. Quantity declarations of surplus came with the cessation of hostilities and after that. If the committee wants to pursue this, I am not objecting at all; but I do think the committee should consider carefully whether they are not getting sidetracked into a bit of a side issue. I suggest that the main item the committee is interested in—

Mr. MCGREGOR: Could we modify it a little bit?

Mr. McILRAITH: — is the type of goods that are covered by this \$3,000,000 item. That is the type of thing War Assets has.

Mr. PROBE: May I ask the witness if he could state what amount of equipment was obtained before they started, if it is not all from War Assets. Have you that there?

The WITNESS: No. I have not got that information here.

Mr. MCGREGOR: Could we modify this and make it for purchases made after War Assets was set up? How would that do?

Mr. McILRAITH: There was no sale there by War Assets.

The CHAIRMAN: The main point is that not one dollar's worth as I understand it, of this \$600,000 was purchased from War Assets.

Mr. MCGREGOR: That is quite right. That is the very point I want. I want to know how much of this was purchased from private individuals after War Assets was set up, and that will eliminate a lot of this.

The CHAIRMAN: Gentlemen, we will have to adjourn now until 12 o'clock. We have no authority to sit while the House is sitting.

Mr. MURPHY: Are we coming back?

The CHAIRMAN: Yes, we are coming back at 12 o'clock.

Mr. SHAW: In room 429?

The CHAIRMAN: No, right here. You can leave your books here. We will adjourn now till 12 o'clock.

The committee adjourned at 11 a.m. to meet again at 12 o'clock noon.

The CHAIRMAN: Now, gentlemen, we have the required number. Mr. McGREGOR, I think you have the floor.

Mr. MCGREGOR: What I wanted to get, for my own mind, concerns this \$600,000. Can we have a list of the purchases, what they cost, who they were bought from and so on, from the time that War Assets was set up. Then, I think we should find out from War Assets just what they have had along that line.

Mr. MCILRAITH: That would not fully answer your point, because you want to know where it did go.

Mr. MCGREGOR: Where did what go?

Mr. MCILRAITH: Anything War Assets had; for instance, cafeteria equipment and dormatory equipment; you would be interested in knowing if it went to the Veterans Affairs Department.

Mr. MCGREGOR: First I think we should find out just what goods were bought, of that \$600,000.

Mr. PROBE: I was very interested this morning in the statement made by the witness on the extent to which the federal government is, through its various training programs, making use of the facilities of the provincial and local school bodies, because I think that has a bearing on the claim that the school bodies are advancing for recognition by War Assets. The witness indicated to us that agreements had been reached in five main fields. In the field of veteran training which, I think, is the largest, he said there were 38,000 veterans taking training at the present time in Canadian schools. The training of apprentices; he did not elaborate on what equipment might be required at the schools for the training of apprentices; but I presume it represents all industrial trades, and the federal government has recognized the responsibility for the training of people in the various institutions.

Then, the witness mentioned youth training. Vocational school training represents curricular type of training for adolescents, in which the witness said the federal government was committed to expend \$2,000,000 annually for ten years. May I ask when this \$2,000,000 maximum expenditure was effected? When was it instituted?

The WITNESS: The first year's operation under that agreement terminated on March 31, last. We are now on the second year.

Mr. PROBE: The second of the ten-year period of the \$2,000,000 expenditure.

Mr. MURPHY: I wonder if the witness is through with his general statement.

Mr. PROBE: I wanted to question him with respect to a portion of this; I wanted him to recapitulate the branches in which his department was interested.

Mr. MURPHY: I appreciate that, but I thought we might have an over-all picture first and then examine the witness later. Is the witness through, Mr. Chairman?

The CHAIRMAN: The witness could make a further enlargement, but the questions Mr. Probe has asked are in the same line as the remarks made by the witness this morning.

Mr. MURPHY: How would it be, if Mr. Probe is through, to continue the statement of the witness.

*By Mr. Probe:*

Q. Then he also spoke of the fifth type of agreement that existed between the federal Department of Labour and the provincial government for retraining of workers who are temporarily out of employment. In connection with that, there is unquestionably a considerable financial commitment on the part of the federal treasury. There was only one instance in which he gave details of the



commitment and that was under the vocational schools, whereby they were committed to \$2,000,000 annually, for ten years; and \$10,000,000 for capital expenditure by January 1948, if I got his figures correctly.

I would like to ask the witness at this stage, if he would present to this committee a table to indicate the federal expenditures this year, the past fiscal year, by provinces, under each of these five heads, if it is possible for him to do that; and then I would like, further, a break-down to indicate how much of this \$2,000,000 annually for ten years, and of the \$10,000,000 capital expenditure has already been expended.—A. We have all that information. Of course, I did not bring it over, because it was my understanding that what the committee here was concerned with was our war expenditures for equipment and things of that kind. I can give you the appropriation that we had for last year under each of those agreements. For apprenticeship training it was \$250,000.

Q. For the entire Dominion?—A. For the entire Dominion, and very little of that was actually spent. Speaking from memory, I do not think more than \$50,000 of that was actually spent last year. For our Youth Training Agreement, our appropriation was \$500,000, and of that approximately 50 per cent may be slightly over what was spent last year. In our vocational schools assistance agreements, we have not yet finished, at the ministerial level, the approval of all the projects submitted. But our annual expenditure out of that \$2,000,000 appropriation, I think, will probably run to \$1,500,000 or thereabouts.

Under the training of civilian war workers, our \$1,500,000 estimate was a leap in the dark at the time it was made. Of that we spent only a few thousand dollars because there has been very little done in that line up to now. As a matter of fact, that particular schedule of the agreement has only been signed in four provinces, British Columbia, Alberta, Saskatchewan, and Nova Scotia. The other provinces up to now have not seen their way clear to commit themselves to that type of training. Does that answer your question?

Q. Not quite, but it is a start. I would be quite happy if the witness would prepare a table for us to show the expenditure under each of those five headings, by provinces, in the past fiscal year.—A. We have that table in the office. It is all ready for our own departmental estimates in the House. We could have an extra copy of it typed for you.

Q. The witness made a statement that the Department of Labour had located equipment in war plants which apparently was surplus, that was being declared surplus to War Assets, and that they tagged this equipment for use in the vocational training schools. Of that equipment which they had segregated by tagging, or which they thought they had, for the use of training of veterans, only 50 per cent of that equipment was realized on. I wonder could the witness enlarge on the reasons why they did not assert their claims on this tagged equipment. You must have had some authority to go in and tag it; then, why didn't you get it?—A. It was arranged with Mr. Berry that we were to have that privilege, and, as I said in my statement, we did tag a great number of machine tools. I also said that approximately 50 per cent of them we did not obtain because they were diverted—I do not know by whom—but they were diverted to industry, and I believe that is in accordance with the policy that industry had the priority in the obtaining of machine tools so they might be ready at the earliest opportunity to give employment to veterans and civilians.

Q. The type of machine tool requisitioned by the Department of Labour would represent a smaller type of machine tool than that required by a concern of large industrial capacity normally, would it not? There must be some other reason?—A. The War Assets Corporation, of course, have surplus a large number of what are called single purpose machines for production work and they are of little or no use to us. What we needed were general purpose tools that are valuable for instruction.

Q. You would want lathes and small presses.—A. Industry was after exactly the same type of general purpose tools that we were; so there was a competition between the two bodies, industry on the one hand and our program on the other, as to who would get these machine tools.

Q. Industry won out.—A. Industry won out.

*By Mr. Shaw:*

Q. May I ask in connection with machine tools?

The CHAIRMAN: I want to follow Mr. Murphy's suggestion. The witness might finish his presentation, if he wishes, and then the meeting will be thrown open for questions.

The WITNESS: I could go on more or less indefinitely, Mr. Chairman, on various aspects of the training program, but I think it would only bore the committee and produce no useful results. I think it would be better to have the questioning now, if there are any points upon which the committee wishes information.

*By Mr. Shaw:*

Q. We are more interested in the association which existed between these aspects of our national activity and the operations of War Assets Corporation, than in the details of administration of vocational training schools. The witness stated that certain machine tools were purchased from the War Assets Corporation. Could he give us an indication of the date of purchase, or were they bought over a period of time; and the total value of such machine tools purchased, machine tools of general purpose. Then I would like to ask if they were able to purchase machine tools from dealers, that is, outside of War Assets Corporation; and if they were able to purchase such machine tools, what was the amount of money they paid out for that purpose, that is for purchases from private industry, let us say. Then, a further question which is probably more important than either of the other two: I believe that machine tools purchased from private dealers were procured by those private dealers from War Assets Corporation. I realize you may not be in a position to know, but other evidence indicated that it was known where certain machine tools were in the hands of private dealers, that they came from War Assets Corporation. I do not want to ask too many questions until we deal with this.—A. The answer to the last question is, so far as I am aware, no. I have no reason to believe that any of the equipment or machine tools that we bought privately were turned over to the parties by War Assets.

*By Mr. Murphy:*

Q. But you would not know, Mr. Thompson, if they had been turned over? —A. No, but I have no reason to believe that they were.

Q. You have no reason for saying now that they did not obtain them from War Assets. For all you know, they may have obtained them from War Assets. —A. We have very definite knowledge that the great bulk of them did not come from War Assets.

Q. But from all you know, personally, they may have obtained them from War Assets.

Mr. CLEAVER: I think the witness has done his best to answer the question. I do not think we should hammer him or hound him.

*By Mr. Murphy:*

Q. But he has made a definite statement. He gave a definite answer, and I asked him if he is in a position to say whether or not these concerns may have obtained this equipment from War Assets Corporation.—A. I said, so far as I was aware, none of these machine tools that we bought originally came from War Assets.



Q. But you do not know where they came from.—A. With regard to the great majority of them, we know very definitely that they did not come from War Assets.

Mr. SHAW: Mr. Chairman, I am satisfied with what the witness stated; he has indicated that he really was not certain, that he had no reason to believe that they were. But they definitely purchased machine tools from private dealers as well as from War Assets Corporation. The thing that intrigues me is this. War Assets have given industry a very high priority on machine tools, yet the vocational training people were able to go to private industry and purchase machine tools.

I hope you have not lost sight of my other question. I would like to know, when you purchased machine tools from War Assets, the total value, and the same as applied to private industry. I do not expect you to answer that at the moment.

*By the Chairman:*

Q. Perhaps the witness could?—A. I can say this, that when you speak about purchasing machine tools, machine tools are only one item of the things we bought; and when you speak of purchasing them from private industry I must say that what we got were obtained, for the most part, from very small shops; say a man, probably an older man, had a small shop and wanted to sell out. Our representatives were scouring the country for those things and they would hear about it and they would take the opportunity to buy them. A lot of the items we bought in that way were items you could not get from War Assets. For instance, we have had to set up a lot of shoe repair shops, barber schools, hair-dressing schools, and all items that we bought outside were, for the most part, items of that kind that were not available from War Assets. Similarly, we have had to equip two schools for printing and to supplement equipment for printing in a third school. Those items, again, could not be bought from War Assets. We had to buy most of those things from the States; and the same holds good for our watch repair classes. We got from War Assets some of the lathes and precision tools we needed, that were turned over to them by the air force, I think, and the services; but again, we had to purchase most of that from the United States. They are not made in Canada. We have been making some ourselves in our own shops, but by and large, they came from outside the country. So that as to all those purchases I referred to earlier this morning as not being made from War Assets, I think that the great majority of those items were not in the hands of War Assets at the time we needed them. War Assets only got this equipment as and when it was declared surplus to them either by the armed services or by industry. Our needs were urgent. As I said this morning, we were faced with the problem of thousands of veterans coming in and we had to have the wherewithal to train them. In some cases we might have been able and probably could have got this equipment some months later from War Assets; that is in certain cases. But we had the opportunity to buy at once,—second-hand, most of it,—and we availed ourselves of that opportunity.

*By Mr. Shaw:*

Q. I have just one or two other questions, Mr. Chairman. I believe the witness stated they had requisitioned for \$2,718,000 worth of equipment from War Assets Corporation. Out of that accounts have been rendered for approximately \$980,000. Could the witness tell when the bulk of those purchases were made from War Assets Corporation? I assume it did not come until after August of 1945.—A. Those items that I referred to in the \$2,718,000, all represented items from War Assets Corporation.

Q. That you had requisitioned for?—A. That we had requisitioned for.



Q. But you have not received them?—A. A lot of them we have not yet received. We have signed a purchase order and we have got shipping orders, but in all cases they have not yet been received. But they all represent items bought by us from War Assets Corporation.

Q. Would you have any reason to believe that there might be justification for us concluding that War Assets should speed up their machinery, let us say, of disposal? You have had these requisitions in, I dare say, in some cases for some months. You have had purchase orders and shipping orders but you have not acquired the equipment. Do you have any reason to believe—maybe this is not a fair way to put it—that they have been a bit slow in shipping to you?

Mr. PROBE: That is fair.

Mr. SHAW: I think it is a fair question.

The WITNESS: It all depends upon the point of view. From our point of view, yes, we thought they were often slow. From the point of view of the corporation, I think they would take the stand that they have shipped as soon as they could. You have to appreciate this fact, that the items we wanted were scattered all over the country. Some of them were still in industrial establishments or in the equipment depots of the services; and if they could be shipped, you had to have the manpower and labour to crate them and box them, and that was a little bit difficult to get. Then you had to wait until the railway was able to make up a car and ship your freight. As I say, in our impatience we sometimes thought things were pretty slow, but I think there was good and sufficient reason for the delay in each case, as far as I know.

*By Mr. Shaw:*

Q. Before asking my other question, I might just make this observation, that I think our purpose is to be helpful both to you as well as to the corporation and to the country. I myself sometimes feel that there is no justification for some of the time that is taken in connection with filling these orders. I think that rapid disposal is one thing maybe our committee should be interested in, especially where a sale has been made. I should like to ask the witness if he has any reason to believe that certain—no, I will not put it that way. After requisitioning for certain equipment from War Assets Corporation, have you, because of the urgency of your requirements, had to go outside the corporation to make the purchases? We realize that you have got thousands of these veterans requiring training. It is urgent that you give it at once. You have ordered from War Assets. They have agreed to sell, but have you had to go outside the corporation to purchase in order to make up your requirements because of not having received those shipments?—A. The answer to that, Mr. Chairman, is yes.

*By Mr. McGregor:*

Q. I wonder could the witness tell us when this order for \$2,718,000 was placed?—A. Mr. Chairman, it was not all placed as one order.

Q. No, but approximately?—A. It is the cumulative total representing our requisitions over a period of probably one and a half years.

Q. A year and a half?—A. Yes.

Q. But some of this stuff has been on order well over one and a half years and you still have not got it?—A. Oh, no, no.

Q. All right.—A. What I say is this —

Q. Let us get this clear. You ordered \$2,718,000 and you have received \$980,000?—A. No. I did not say we had received that. I said we have passed for payment \$980,000 worth.

Q. How much have you received?—A. We have received a great deal more than that; but the process of getting the invoices back from our treasury officer in the province and passing them through our own treasury officer and getting out the cheques,—that is still in process. We have received, actually received in our centres, a great deal more than \$980,000 worth of equipment for which we have actually paid up the accounts.

Q. Can you give us any rough idea of how much has been shipped to you?

Mr. SHAW: Yes. Could we get that figure?

The WITNESS: That would be a little difficult to get, Mr. Chairman.

Mr. PROBE: Could we accept the figure of Mr. Low for that appropriately here? I do not suppose we are trying to cross-check on one another. Mr. Low did make a statement to the effect that they had provided C.V.T. with roughly \$2,000,000 worth.

Mr. McILRAITH: As of 31st of March.

Mr. PROBE: Yes.

The CHAIRMAN: From July 12, 1944, to March 31, 1946.

Mr. PROBE: It was not your purpose to dispute that figure, Mr. McGregor, was it?

Mr. MCGREGOR: Well, do I understand they have received almost \$2,000,000 worth of those goods?

Mr. CLEAVER: Yes, that is the answer. As of March 31 last.

Mr. McILRAITH: That is his evidence this morning.

Mr. MCGREGOR: Is that statement made by Mr. Low, that they have received that \$2,000,000 worth instead of \$980,000 worth?

Mr. CLEAVER: They have only paid for \$980,000.

Mr. MCGREGOR: All right; I know.

Mr. CLEAVER: If you know that, why do you keep on asking the question?

Mr. MCGREGOR: Just because I want to find out a little more. You do not mind that, do you?

Mr. CLEAVER: No.

Mr. MCGREGOR: Okay.

*By Mr. McGregor:*

Q. Have you any idea how much stuff you say you have bought because you could not get the stuff from War Assets? I suppose that \$600,000 will show that?—A. Yes. That \$600,000 in which the province shared and the \$75,000 odd which we paid for ourselves, would represent the approximate total. Of course, I want to make this clear. There are continual requisitions coming in still for purchases from other sources of individual items.

Q. As far as these discounts are concerned, you made the statement that you were receiving as low a discount as anyone else. What authority have you for making that statement?—A. No. I do not think I made that statement.

The CHAIRMAN: No.

Mr. MCGREGOR: I think you did.

The WITNESS: I said we bought and paid at the regular scale set down by government policy.

Mr. MCGREGOR: I think you said that you received as low a discount—

The WITNESS: Whatever that discount is. I do not know whether we get the same discount as dealers.

Mr. MCGREGOR: I think the record will show that you made the statement that you were buying at as low a discount as anyone else.

The CHAIRMAN: That is right.

The WITNESS: I think I said, as far as I knew, we got the same treatment; we did not get preferred treatment.

Mr. MCGREGOR: Well, that is one point I should like to know about, why the government of Canada does not get the same treatment as a dealer would get. That is one of the things I cannot understand.

Mr. McILRAITH: The whole point in this is that it is the government of Canada paying the government of Canada. What it comes to in the question of the price paid for vocational training is a method of giving parliament control over the expenditures of the country. It is laid out in order in council. But that is all it is. It is a matter of the House of Commons retaining its right to vote supply and vote the items.

*By Mr. Stewart:*

Q. I should like to ask a question about P.C. 16. That is the order in council in which, I believe, the government agrees to pay 75 per cent of the cost of equipment that has become useless from usage in the vocational schools. How much has been paid out to the various institutions under that order in council?—A. Nothing has been paid out yet, Mr. Chairman.

Q. Can you tell me why? Is it because the institutions cannot get the equipment?—A. The reason is this, Mr. Chairman. The first responsibility, as I said, was to try to equip our own veterans training schools. In discussing the matter with Mr. Berry of the War Assets Corporation some months ago, we were told that the type of equipment needed to replace instructional machine tools in the vocational training shops was rather limited; and we thought it was wiser to defer any such requirements until after we had fulfilled all our own requirements for the veterans training centres. We are now just on the point of reopening that question of replacing worn out equipment.

Mr. STEWART: So that priority was given to the veterans training centres, I take it, and not necessarily to industry.

*By Mr. Shaw:*

Q. Mr. Chairman, may I ask the witness if in that tagging policy that was in effect, restrictions applied only to machine tools? In other words, were they permitted to tag anything else that was surplus, although possibly not having been declared to War Assets Corporation? Was there no restriction, or were you limited to the tagging of all things barring machine tools?—A. There were certain industries that we were allowed to go into and our representatives had a list of those industries.

Q. Did that include airports and military centres that had been closed?—A. No. That was only industrial establishments. In those we could look over any items that had been declared surplus by that particular industry.

Q. I see.—A. It did not deal with the air force, navy or army depots.

*By Mr. Murphy:*

Q. There are one or two questions I should like to ask, Mr. Chairman. I was wondering, first, Mr. Thompson, you being with the Department of Labour, if you could give us any explanation about the catalogue that was sent out by the Department of Labour of the material available that was discussed here previously, which you are no doubt acquainted with, having read the minutes of the committee.—A. I am not quite sure. Which catalogue is that? What catalogue do you refer to?

Mr. MURPHY: Well, is the witness going to be back again, Mr. Chairman?

The CHAIRMAN: Which catalogue do you refer to?



Mr. MURPHY: The one that was sent out by the Department of Labour which was referred to the other day by the representative from the Toronto Board of Education.

The WITNESS: We sent out no catalogue, Mr. Chairman.

Mr. MURPHY: Of equipment.

Mr. PROBE: They asked him to submit a list of equipment.

Mr. MURPHY: Yes, I know. There was a catalogue sent out, though.

The WITNESS: What we did was this. About three years ago we had a list of the items of inventory in the Munitions and Supply Department, as it was at that time, giving the different items and their code number. That was sent out to our provincial regional directors to give them some guidance as to the type of thing that was available. I understand that in Toronto, without any authority from us, copies of that were circulated around among the different vocational schools and they were led to believe that that was the list they could draw from to meet their requirements. But that was not done on our authorization or on our authority.

*By Mr. Murphy:*

Q. It has been more or less in keeping with the policy of the Department of Labour, has it not?—A. No. At that time there was no policy established with regard to giving anything to a vocational school for its own purposes.

Q. We understood from previous witnesses that that is not the case.

Mr. McILRAITH: Just a minute. That is not what Mr. Fulton said. Mr. Fulton's evidence was quite clear on the whole and in accordance with the evidence of this witness. There is nothing in conflict on it. There was a reference to a memo sent out in 1943.

The CHAIRMAN: Bulletin 71, as I recall it.

Mr. MURPHY: That is what I have reference to.

The CHAIRMAN: That was not sent out by the Department of Labour at all; that was sent out by the regional officer—I think that is the proper term.

*By Mr. Murphy:*

Q. I was wondering, Mr. Thompson, about the equipment you obtained from War Assets Corporation before it was declared surplus. You mentioned something about obtaining the equipment. Was there much of that obtained from the different industries before it was declared surplus?—A. Well, Mr. Chairman, of course we have had to be buying equipment ever since 1940 when we started war emergency training, and at that time there was no War Assets Corporation that we could go to.

Q. I know that.—A. So in those years we had to buy everything outside and incidentally there was very little to get.

Q. You made a statement earlier in your evidence, I think, that three and a half years ago you secured a list. I suppose it was from several departments?—

A. That list I referred to a minute ago was the inventory of types of equipment that were the property of the Department of Munitions and Supply, a copy of which was supplied us for our own information in the training corps.

*By Mr. Shaw:*

Q. May I ask the witness if they make use of the materials which are given on indefinite loan? That is important from this point of view. Each province is sharing with you on a 50-50 basis, and you acquire materials that are now given on an indefinite loan basis. Those provinces would eventually benefit as a consequence of being able to take ownership under the 50-50 basis. Did you use any of the materials made available to-day to the ordinary educational

bodies on an indefinite loan?—A. Mr. Chairman, as far as I know we have not anything on indefinite loan except that temporarily the army has been most co-operative with us and has given us the loan of buildings and equipment.

Q. Who have given you that?—A. The army.

Q. Have they the authority to do that?—A. I think ultimately we shall have to pay for that.

*By Mr. McGregor:*

Q. That was before War Assets was set up?—A. I think the items you refer to were those which were furnished by War Assets Corporation to the ordinary vocational schools on indefinite loans. We are not concerned with them at all.

*By Mr. Shaw:*

Q. But you are eligible to secure these, are you?—A. We are eligible to secure them in the ordinary job, but there is very little of that category that we want.

Q. If it is worth having; put it that way.—A. For our purposes mostly it was not worth having.

Mr. McILRAITH: On that question of eligibility. This is another government department and I think there is quite a firm stand about one government department getting an item for nothing through the disposal of assets. The significance of that would be that if there is no control over the item—

Mr. SHAW: Am I to conclude they are not qualified to accept?

Mr. McILRAITH: I think they are not qualified to accept.

Mr. STEWART: Can the witness tell us how many requests have come in from educational authorities and vocational schools under P.C. 16 for replacements of equipment which is worn out?

The WITNESS: I beg your pardon? I did not hear the question.

The CHAIRMAN: Repeat your question, please.

Mr. STEWART: How many requests have come in from educational authorities or vocational schools for the replacement of equipment which is worn out?

The WITNESS: About a year ago we asked the schools to submit lists of items for which they wanted replacements, and that is what I referred to this morning when I said that in a good many cases the lists submitted included things that the schools never had in the first place. We went over those lists fairly carefully in the light of what we knew had been used in the schools, and we still have those lists in our department and we have not been able, owing to the need of equipping our own veteran centres—we have not been able as yet to do anything about them. We have notified, of course, the provincial authorities to that effect and said that action had to be deferred for the time being, but I hope that from now on we can give some attention to them and see what tools are available.

Mr. STEWART: What would be the value of such replacements which are asked for? Have you any idea of what the capital value would be?

The WITNESS: Oh, it is very hard to say. We just went over the list and put an approximate value roughly on the different types of items based on the War Assets scale of depreciated prices. We thought it would represent an outlay altogether, maybe, of somewhere between \$1,125,000 and \$2,000,000. That is why we asked for an estimate, an appropriation of \$1,125,000. I dignify it when I say it is an estimate, it is a guess, quite frankly.

*By Mr. Probe:*

Q. Earlier the witness gave us an outline of a group of agreements that C.V.T. had undertaken with respect to various educational bodies. It occurs to my mind that there were training arrangements made with private firms and

shops by C.V.T. for training on the job. Am I correct in that, that there were agreements entered into as between C.V.T. and private merchants and machine shops?—A. For veterans, yes.

Q. And in connection with the implementation of those agreements it was necessary for the vocational training schools to provide comprehensive lists of tools and so on for training?—A. No, Mr. Chairman, where a veteran was placed for training on the job the industry responsible provides all the equipment needed just as it does if they are taking in civilians.

Q. Did you then assist them sometimes to complete their list of equipment? I have a special shop in mind where the owner of the shop admitted to me when I complimented him on his very excellent training arrangement—because I am interested as an educationalist in this too—he said that this equipment had been made available to him through the Department of Labour. Now, I presume—  
—A. I would like to know the name of that employer, because we do not make any equipment available to any employer for that purpose. He may have bought it, you know, and we may have helped him obtain the equipment, but we did not pay for it.

Q. I see. That is all. He did not say you had paid for it. You may have made it available for him. Now, then, of course, if that is so none of this equipment will be in the hands of private training establishments with regard to which there will be a disposal problem after training is concluded.—A. If we put veterans in a private trade school or a private business college it is the responsibility of that school or college to furnish all the necessary equipment and supplies, and all we do is pay them a tuition fee. We do not furnish them with any material.

Q. Before we adjourn, I should like to refer for one minute to the statement made by Mr. McIlraith with respect to prices at which departments were allowed to buy War Assets equipment. He said in effect that this was simply a bookkeeping transaction. I agree in so far as keeping control is concerned, but I disagree with the purpose back of it in one sense, and I would like Mr. McIlraith to enlarge on that point. My contention is that if C.V.T. got a dealer or wholesale price then the employees of the Department of Labour would be more or less concerned to show their department as being efficient in their work, because I am quite sure that the individuals working in this department will want to have an efficient rating and that they would more or less insist on getting goods at the best possible price. As it stands now they do not care whether they get them from War Assets or from a dealer, and I feel that Mr. McIlraith is not perfectly fair in what he has said.

MR. MCLLRAITH: I can clear that up. Originally they started getting material from one department for another department for nothing. It took very little experience to find that that was not working or whether it was the proper method. I do not know whether we need to go any farther with that phase of it because our whole basis is that parliament has complete control of all the expenditures and what will become of all this equipment, and the workable way of keeping that control was worked out in this order in council which means we have to purchase stuff.

MR. PROBE: Have you priced it at a dealer's price rather than at an end user's price?

MR. MCLLRAITH: I am sure they do not pay the end user's price. I think the difficulty arose as to certain services that the dealers performed in machine tools. Perhaps we could get farther if we limited it as a matter of fact to machine tools. The dealers rendered certain services and there is a discount there of, I think, 12½ per cent. The vocational training organizations do not render this service and War Assets have to pay for it out of standard quantity



price. I think the witness mentioned that some of the material was all over the country. I can check further if there is any change in that price. I think you will find there was nothing.

Mr. PROBE: I feel that the policy tends to have Mr. Thompson's department go to the retailer in preference to going to War Assets.

Mr. McILRAITH: The answer is specific: he could not get this type of goods from the retailer, and there is no prospective delivery. He was very careful to show the type of equipment he did get, such as barber and hairdresser equipment and things of that sort which War Assets did not have and there was no expectation of them having. He was very careful on that point to make it clear about the sort of thing he was getting.

Mr. MCGREGOR: Would War Assets have no barber shop equipment?

Mr. McILRAITH: I do not know.

Mr. MCGREGOR: You made the statement that they could not get any of that equipment from War Assets?

Mr. McILRAITH: The witness was pretty clear in his evidence on that point and pretty specific. The big problem has been in regard to machine tools; they are not available elsewhere.

Mr. SHAW: I should be very disappointed if this question were not put to the witness.

*By Mr. Shaw:*

Q. In view of the dealings which you have with War Assets Corporation in securing materials for vocational training, have you any suggestions to make to this committee which might assist us in assisting War Assets to do, let us say, even a more efficient job for supplying surplus assets for educational purposes particularly?—A. At the present time I would say no—I have no suggestions to make. A year ago my answer would have been different, but I can say quite frankly that in the past twelve months we have been getting what we think is very good co-operation from War Assets Corporation. And as I said this morning, particularly . . .

Mr. SHAW: Policy is more important. We would expect you to get co-operation.

Mr. CLEAVER: I move that we adjourn, Mr. Chairman.

The WITNESS: Our personal relations with Mr. Berry have been excellent. He has gone more than out of his way to help us.

The CHAIRMAN: Would you be good enough, Mr. Thompson, to file any information arising out of your evidence.

The WITNESS: Particularly the statement concerning distribution last year.

Mr. PROBE: Occasionally we ask a type of question which to us is quite clear but by the time it gets to the witness he gives an answer which is not quite in accord with what we really wanted. Is there some opportunity for all of us to 'vet' these questions? Would it be considered quite all right to check the reporters transcript?

The CHAIRMAN: It would be quite all right, so far as I am concerned.

Mr. PROBE: I have never done that, but when I see the question a week later, it is not quite the way I thought I asked it.

The CHAIRMAN: On behalf of the chairman, there has never been a correction, in so far as the wording as put by a member is concerned.

Mr. PROBE: No, but if one word is taken out it would give the wrong idea.

The CHAIRMAN: In view of the manner in which you stated your contention.

Mr. MURPHY: It is Mr. Probe's fault, anyway.

Mr. PROBE: I do not doubt it, but I would like a specific form of answer showing the expenditure.

The CHAIRMAN: I wish to thank you Mr. Thompson, for coming here this morning and giving your evidence.

The WITNESS: Thank you Mr. Chairman.

The CHAIRMAN: The meeting is now adjourned until Thursday at 10.00 o'clock. As far as I know, notice will be sent you.





Gov. Doc  
Can  
Com  
W

Canada. War Expenditures and  
Economies, Special Session, 1946

(SESSION 1946)  
(HOUSE OF COMMONS)

CA1X22

-46W12

(SPECIAL COMMITTEE)

(ON)

# WAR EXPENDITURES

AND

# ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 31

THURSDAY, JULY 25, 1946

WITNESS:

Dr. J. J. Brown, Todmorden, Ontario.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1946





## MINUTES OF PROCEEDINGS

THURSDAY, July 25, 1946.

The Special Committee on War Expenditures and Economies met at 10.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Isnor, Marier, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Reid, Shaw, Stewart (*Winnipeg N.*), Winkler.

*In attendance:* Dr. J. J. Brown, Todmorden, Ont.; Wing Commander E. G. Mahoney of the Supply Staff, Maintenance Command Headquarters, Uplands, Ont.; Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 R.C.A.F. Equipment Depot, Toronto; Mr. C. Gavsie, General Counsel, Department of Reconstruction and Supply; Mr. J. S. Irvin, Assistant to the President, War Assets Corporation.

Dr. Brown was called and examined in connection with the alleged mutilation and scrapping of batteries at No. 1 Equipment Depot, Toronto. (*See pages 651 and 834 of the Committee's Minutes of Proceedings and Evidence*).

Witness filed,

Exhibit No. 1—R.C.A.F. scrap tags containing notation "6 volt, 120 amperes".

Exhibit No. 2—Scrap tag marked No. 5J-27 attached to Exide battery label.

At 11.00 a.m. the Committee adjourned until 11.30 a.m. this day.

The Committee resumed at 12.00 noon, Mr. Isnor, presiding.

*Members present:* Messrs. Bradette, Cleaver, Isnor, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg N.*), Winkler.

Examination of Dr. Brown continued.

At 1.05 p.m., witness retired and the Committee adjourned until Tuesday, July 30, when the examination of Dr. Brown will be continued.

R. ARSENAULT,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 25, 1946.

The Special Committee on War Expenditures and Economies met this day at 10.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, we have the required number to give us our quorum, so I will call the committee to order. You will recall that in the report of the steering committee of Tuesday, July 23, it was recommended and approved by the main committee that Mr. J. J. Brown be asked to appear before the committee. This was done because of statements made by Mr. Brown concerning the War Assets Corporation and the question having been raised in our committee. It was later brought to the attention of the steering committee and we felt it advisable to give Mr. Brown an opportunity to give us further information on the subject. What is your pleasure? Shall I immediately call Mr. Brown? Agreed.

**Dr. J. J. Brown, R.R. 1, Todmorden, Ontario, called:**

The CHAIRMAN: Mr. Brown, would you care to make a statement first in a general way, or would you prefer to have the committee ask you questions?

Mr. McCULLOUGH: I wonder if Mr. Brown would tell us who he is?

The WITNESS: My name is John J. Brown. I am at the present time a writer on technical scientific subjects; that is, I earn my living that way. I also write on more controversial subjects under the name of Dr. Boris Shevashevski. I think that is all I have to say.

The CHAIRMAN: Would you give us a little of your background as to your business experience over the last ten years?

The WITNESS: Over the last ten years: I was a student at the University of Toronto, graduated in 1939; went down to Yale University; took Master of Arts there; taught mathematics in a boys' school; and, after further graduate work at Yale graduated Ph.B. and then worked as a radio engineer at the Sound Scriber Corporation, New Haven, who make sound recording devices, then went on the staff of Cornell University in New York; then in 1944, in January, joined the staff of Research Enterprises Limited in charge of the writing of radar technical manuals. I left Research Enterprises in April, 1946.

Mr. GOLDING: And you were born where?

The WITNESS: Penhold, Alberta.

The CHAIRMAN: Now, if you would care to make a statement in regard to the matter before the committee?

The WITNESS: I do not think I have anything in particular to say about the article. I am here to be examined by the committee to substantiate the statements that I made in the article, and if there are any questions I have material here before me. I can give you the actual letters which can be copied on to the minutes.

*By Mr. Stewart:*

Q. I wonder if Mr. Brown would tell us the genesis of the article which has been disturbing us, the article which he wrote in the *Free Press*. Could you tell us the story of going to Solway's and seeing these batteries, and the history of the writing up of the article in question?—A. I take it the committee are interested in only one of the articles I wrote for the *Winnipeg Free Press* that is the one about the storage batteries.

The CHAIRMAN: No, more than that. I think the one in which we are particularly interested is the article which was brought to the attention of this committee long before the article referred to by you had been published in the same magazine under date of July 15. Is that right, Mr. Stewart?

Mr. STEWART: I brought this matter up some months ago and it was in reference to certain articles appearing in the *Winnipeg Free Press*, that is only part of it.

The WITNESS: I should explain to the committee that I have written a large number of articles on the operation of War Assets Corporation as far back as last June, I believe—no, it was in July, 1945—I had a leading article in the *Canadian Forum*; and then in September of 1945 another article, that article was reprinted in the *Saskatchewan Commonwealth* and *Aujourd'hui*, the French Readers' Digest published in Montreal, and excerpts from it were published in various papers throughout the country. That was the first set of public articles. I had written several more articles and I had peddled these articles throughout the country to various newspapers and magazines trying to get someone to publish them and I negotiated with several papers and without particular success; and finally I wrote to Mr. Ferguson, at that time editor of the *Winnipeg Free Press*, whom I had known slightly at Cornell, and he sent a man to see me who went over the material I have in my basement, and the man was impressed by what I had and the documents I had collected in the space of time and he arranged for a series of articles to be published as a sort of trial balloon in the *Winnipeg Free Press*. At that time we published five articles, one on plumbing supplies, one on the destruction of steel pipe, one on storage batteries, one on Fairchild Cornell Aircraft, and one on the applications farmers might make of the material I saw destroyed, and one other which I have forgotten at the moment.

*By Mr. McCullough:*

Q. On what date was that?—A. The Cornell article was on March 13, 1946, in the *Winnipeg Free Press*. The one on batteries was published on March 14, 1946; tools, hand tools, and machine tools, *Winnipeg Free Press*, April 13, 1946; *Winnipeg Free Press* again, What is Junk, April 15, 1946; and, Competition for Farmers, April 16, 1946.

*By Mr. Golding:*

Q. Were those published under your own name or under the name of Boris Shevashevski?—A. No, those were not under the name of Brown, they were under the pen name of Dr. Boris Shevashevski.

Q. What was your employment as at that time?—A. I was just continuing my work at Research Enterprises when the first of my articles was published. I was just finishing. I was employed at Research Enterprises in their research department.

The CHAIRMAN: You were still there?

The WITNESS: I was yes. When the last of the articles was published I was out of Research Enterprises and on my own.

Mr. McCULLOUGH: I would like to ask the witness what he was doing when the first article appeared in *Canadian Forum*.



The WITNESS: I was at Research Enterprises.

Mr. STEWART: Mr. Chairman, is Wing Commander Mahoney here?

Wing Commander MAHONEY: Yes, sir.

*By Mr. Stewart:*

Q. I should like to ask Mr. Brown when he received a letter from Wing Commander Mahoney asking information concerning the batteries?—A. It will take me maybe a minute or two to look through these diaries to get that exact date for you.

Q. I believe the letter was sent to you on the 28th of May.—A. Yes. I will just look it up for you, if I may. May I say that I live out in the country, north Toronto, and the mail service is notoriously bad. I have a notation here on Friday the 31st of May, 1946, that I wrote a letter to the air force. Now, presumably that letter from the air force, or telegram, whatever it was, arrived the evening before, Thursday, May 30th. I may say that on Thursday and Friday, the 30th and 31st of May, and on the 1st of June, the Canadian Association of Physicists of which I am one of the founding fathers, shall I say, and a member of the executive, was holding its first congress in Toronto, and I was very busy those three days, hardly home at all. But I see this notation on Friday the 31st of May that I wrote a letter to the air force and in that I stated that I was leaving Monday morning, June 3rd, for New York, where I had made a previous appointment, and I said as soon as I got back they could get in touch with me. That would be the Thursday or Friday of that week.

Q. The reason for my asking that question is that I think, probably quite unwittingly, Wing Commander Mahoney has cast an unintentional reflection on the witness, because there was a report submitted to this committee, dated the 29th of May, 1946—it will be found at page 651 of the minutes—this report was dated the 29th of May, 1946, and the last paragraph states:

8. Unfortunately I was unable to contact Dr. Boris Sherashevski who appears to be incommunicado but on the basis of personal service knowledge of aircraft batteries and as the result of my investigation, I can only suggest the substance of the press release is the result of exaggerated hearsay or the exercise of an over active imagination.

The only knowledge I know of any attempt having been made to reach you by the R.C.A.F. was through a letter written on the 28th of May, apparently the date of the day before which you received it. And so, subject to what Wing Commander may have to say I would like to regard that inference we are perhaps expected to draw as very unfortunate. May I ask a few questions Mr. Chairman?

The CHAIRMAN: The witness is yours, Mr. Stewart.

*By Mr. Stewart:*

Q. What do I call you, Mr. Brown or Dr. Brown?—A. That depends on you, many people call me Dr. Brown.

Q. Then I will call you Dr. Brown.—A. It is a simpler name.

Q. You state that several truck loads were seen by you being unloaded at Solway's. Could you give us any idea of the size of the trucks.—A. At Solway's the trucks I would say were the ordinary carter's truck, not the large highway transport truck, but rather the simple dual rear wheel trucks that are used by carters around ordinary city work.

Q. How many batteries do you think such a truck would hold?—A. I have tried to figure out how many there would be by weight. You see, it is a question of the bulk of the batteries and the weight of the batteries and the truck; and from my calculations it would take several truck loads to make that pile. I want to say that on two separate occasions I saw trucks backing into Solway's yard and depositing storage batteries on that pile.

Q. You saw trucks backing up?—A. On two separate occasions I saw a truck backing into the yard and depositing batteries.

Q. But never at one time more than one?—A. That is right.

Q. I think this is merely an interpretation of the articles you wrote. You never saw more than one truck load at one time, and you confirm that you have seen several trucks go in there?—A. But you will notice they are, at a time.

Q. You said in your article in the *Winnipeg Free Press* that most of these batteries were in their original packing cases, and this the air force denies. Now, it seems to me to be one person's word against another's. I am not saying whose side I am on at all in this committee, but we want to know as far as possible what the facts were. Did you have any photographs?—A. No, I did not take any photographs. I have read the report No. 26 of this committee made by the air force after Wing Commander Mahoney interviewed me in Toronto, and I should like very much to go over that and correct the record.

Q. Well, so far as I am concerned, but subject to the wish of the committee, that will be agreeable to us.

The CHAIRMAN: When we reach that point.

Mr. STEWART: I am now examining Dr. Brown on this.

The CHAIRMAN: You are examining him?

Mr. STEWART: Yes, on this point. It would save time for us if he would give us that.

The WITNESS: I have an annotated copy of the proceedings here. With due respect to the air force I might say in general that the report reads very like an attempt to whitewash the whole thing.

Mr. McILRAITH: That is gratuitous.

The WITNESS: I mean by that that is unnecessary because in the evidence of the committee which I have before me here the air force has already admitted to destroying surpluses in various parts of the country which were similar to the ones which I saw destroyed.

Mr. COTE: What page in the report are you referring to?

The WITNESS: No. 26, page 834.

The CHAIRMAN: And it begins at page 833, I think.

The WITNESS: There are some minor points. He states in paragraph 1, "he stated he is an inventor and experimenter". I have no quarrel—rather I made no statement about what my quarrel was with War Assets. It is not true that my quarrel was with War Assets for their failure to permit me to purchase scrap from which, by ingenuity, I can salvage parts and utilize them for various purposes or resale. That is not my quarrel with War Assets.

*By Mr. Stewart:*

Q. In the next sentence he states that you were more particularly annoyed with Solway's.—A. I am not particularly annoyed with Solway's, and if I gave the impression that I seemed particularly annoyed with them, that is a wrong impression. Solway's are one of the few junk dealers in this country I have visited who stuck to the letter of their contract with the government. "Dr. Brown stated he had been advised by War Assets that they had no radio earphones for sale yet claims he obtained a serviceable one from a scrap yard." I have about twenty in my basement. That is at the end of paragraph two.

Q. Did you get them from the junk dealers?—A. Yes, everything I have is from the junk dealers.

Q. What was the state of repair of the earphones?—A. They were in perfect condition, the twenty. I have some others which require a little tinkering to make them good, but the twenty were in excellent condition.

*By Mr. Golding:*

Q. What did you pay for those twenty?—A. I usually buy them, it is economical to buy a large boxful and usually pay from \$2 to \$5 or \$10 for a box heaped up.

*By Mr. Stewart:*

Q. Miscellaneous junk, and I take that these earphones were in that?—A. Yes.

Mr. GOLDING: Before we go any further I would like to have this made clear. Apparently he has been writing under one name and that is not his name at all. His name is Brown, and always has been Brown; is not that a fact?

Mr. STEWART: Well, anybody can write under a pen name. I suggest, Mr. Chairman, that is not germane to the discussion before the committee.

Mr. GOLDING: Now, let us get that clear.

The CHAIRMAN: We will hear what Mr. Golding has to say.

Mr. GOLDING: Your parents' name was Brown, your name is Brown, you just use this Sherashevsky as a pen name?

The WITNESS: That is right.

Mr. STEWART: Apparently there is also a J. J. Brown, but that is different, and then there is a Mr. Allan.

The WITNESS: He is a feature writer for *Maclean's* and that is a little outside of my training. My training has been in the writing of technical articles. I am not familiar with how to put things for popular consumption in a magazine. This man Allan is an expert on that aspect of the thing. I wrote the articles and Mr. Allan went over them to make them interesting to the reading public.

Mr. WINKLER: Did the way he wrote them meet with your satisfaction?

The WITNESS: As I say, I am not skilled, I have no opinion; I mean, I have the information but I have no right to say what will appeal to the reading public.

*By Mr. Stewart:*

Q. But factually, it is your material?—A. The facts are by me, they are my facts.

Q. Then in the third paragraph it states: "he admits it is not economical to adapt aircraft batteries to private or commercial vehicles"; isn't that a straight contradiction to what you have in your article?—A. May I finish my statement on this memorandum at the end of the second paragraph?

Q. Yes.—A. The third paragraph says: "He admits it is not economical to adapt aircraft batteries to private or commercial vehicles but contends they could be used for motorboats or experimenters such as himself." I did not admit any such thing. As a matter of fact when Wing Commander Mahoney and Wing Commander Foster were at my house Mrs. Brown was out in the car which was running on one of those batteries which I had adapted—the car has been running for six months or so on it, and that battery has been in use and has been giving excellent service.

Q. So that with some technical ingenuity these batteries could be changed?—A. Of a very elementary type.

Q. Elementary?—A. Yes. You merely saw through cutting the strip and connecting the two sets of cells in parallel rather than in series. Any one can do it.

Q. What is the voltage of these batteries?—A. The one in my car is twelve. I cut it in half and made two six volt cells which I put in parallel.



Mr. MCGREGOR: Just while we are on that point, to clear that up; that statement you have just made is contrary to the statement made or the information which you gave.

The WITNESS: I am sorry, I just did not understand the question.

Mr. MCGREGOR: I don't either, and I think that is where the confusion comes. You say here that this—

The CHAIRMAN: Mr. McGregor, the witness states that he does not understand your question to him.

*By Mr. McGregor:*

Q. Oh, well then, it states here in this that Dr. Brown said that these could not be used in a car and you say you are using them in a car. That is the point.—A. Yes. But that third paragraph, I deny that I admitted or said any such thing.

Mr. MCGREGOR: That is what I want to get at if it is correct that Mr. Brown made this statement.

The CHAIRMAN: Just look at the signature at the end of the statement, that is on page 835.

Mr. STEWART: We will have to examine Mr. Mahoney on that.

Mr. MCGREGOR: I know it is Mr. Mahoney's statement, but you say that you never made any such statement to him.

The WITNESS: That is right. May I continue?

Mr. STEWART: Yes.

The WITNESS: "He contends that they could be used for motorboats or experimenters such as himself." What I did say was that in motorboats or experiments in a basement laboratory he would not have to modify the batteries. You put two twelve volt batteries together and you have a 24 volt current—when they are hooked up in series—that is very generally used for experimental purposes. Then, in paragraph four: "He stated he obtained the batteries to support his article in the *Winnipeg Free Press*." I obtained the batteries a good while before I had written the article for the *Winnipeg Free Press*; and the article as I said was peddled round to a good many papers trying to get them to publish and finally it found a place in the *Free Press*. The battery was not obtained for that purpose, but rather was obtained because that battery was brand new, and I have a very definite use for it in my business.

Q. It states in paragraph 4 that you proposed to modify the battery after repairing it. Why did it need any repairs if it was new?—A. The battery, like all the batteries I found in that particular pile that I could see on the top, had been smashed in on the end filler cap, and what is required is that you take that filler cap then smash into the battery with a pair of pliers and put a little pitch around it to bring it back to normal, and then you fill it up with acid.

Q. Could these filler caps have been accidentally damaged?—A. In my opinion it is absolutely impossible that any accidental damage could have taken place in that way. Aircraft batteries are different. They are large, oblong like that, and they have a heavy bakelite cap and are held in place by two spring clasps, and any blow that they would receive accidentally, if the battery broke, the heavy bakelite cap would be first and you would have to get the two heavy clasps back to break it and pull that heavy bakelite cap off and hit it with a hammer. The battery that I have was covered with adhesive tape covering the ends on the six filler caps. That is to preserve them in storage in the unfilled condition. On the adhesive tape on the end cap that has been broken, there is a very strong impression of the cap itself on the adhesive showing that it has received a heavy blow. The place where the adhesive tape is covering the untouched caps does not have such an impression.

Q. Can you see these caps just by looking at the battery?—A. The batteries that are thrown on the pile you could see the caps on the ones on the top.

Q. You say there were about 300 batteries that were similarly damaged?—A. The numbers are a matter of great contention. I did not count the batteries one by one. I went in there and there was a pile of batteries about as high as the top of that picture frame, which completely hid a small shed which was used for hoisting machinery in the yard. I figured the volume of that pile and then I figured the volume of one battery, and then using a correcting factor, I arrived at a number of 2,000. Then, just to be on the safe side, I believe that in the *Winnipeg Free Press* story, we cut it down to 1,000.

Mr. McCULLOUGH: Was there anything else in the pile?—A. No.

Mr. MURPHY: What was the size of the pile?—A. From this end to that end.

Q. In feet?—A. I would say that that is 14 feet. We will say the pile was 14 feet every way, as it was round.

Q. How high?—A. 8 feet high, I would say.

Mr. BRADETTE: You are in a position to know that it was a solid pile of batteries?—A. Yes, for this reason that junk dealers segregate scrap as it comes into the yard. This load was contaminated by the hard rubber of the battery cases and they always have them in one pile. You can see that in Baker Brothers here in Ottawa. May I go on?

The CHAIRMAN: There is one question I would like to clear up. You said that these filler caps would have to be struck, and later on you said the caps were scattered around due to dumping them in a pile?—A. I did not make that clear. The filler caps are the little ones that you unscrew when you are putting water in the battery. I am talking about the protective coverings. They were scattered around.

Q. In all cases is there a cover over the filling cap?—A. I have one battery, which is the aluminum case type, and they come in the 12 volt and 24 volt sizes, and it has no cover.

*By Mr. Stewart:*

Q. In connection with this air force version, which is as follows:—

Since up to October, 1945 when Dr. Brown saw the pile, the R.C.A.F. had only released 371 scrap batteries to Solway how could the 2,000 in the pile all have R.C.A.F. tags on them.

Do you wish to comment on that?—A. It is also given in paragraph 5. So if I may say so with regard to paragraph 4, I did not own a motorboat so I could not have used it in a motorboat. Paragraph 5—

*By Mr. McCullough:*

Q. The witness has said, Mr. Chairman, that these could be made into two 12 volt batteries, and we have a lot of farm lighting equipment of 12 volts. Would you say that such batteries would be practical for such operation?—A. Yes, not only practical, but much better.

*By Mr. Reid:*

Q. Is that your opinion?—A. I know because I have spent a good many hours in the study of that. In paragraph 5 it says: "... he estimated 270 had the filler caps stove in." That is the number I estimated would be on the outside of the pile.

*By Mr. McCullough:*

Q. You did not see anything with any other than R.C.A.F. labels?—A. That is right, the standard type of battery. "He further agreed that Solway probably

received this pile from numerous sources." You can see the air force becoming more positive. Where they used the word "probably", they changed it to "undoubtedly". I say it is not probably or undoubtedly. The air force denies categorically that it had any 6 volt batteries. I have with me this morning, and available for the committee to see, R.C.A.F. scrap tags which says definitely "6 volt, 120 ampere".

Q. Have you any knowledge what they would be used for?—A. R.C.A.F. trucks and cars.

Q. Used extensively?—A. Yes.

*By Mr. Stewart:*

Q. Would the witness put them in as evidence?—A. Yes.

*By Mr. McLraith:*

Q. Where is it that they say they did not have any?

*By the Chairman:*

Q. Will you table these cards first, Dr. Brown?—A. Yes. Shall I table just the one sheet?

Q. Yes, you may do that.

(Sheet of R.C.A.F. scrap tags filed and marked as Exhibit No. 1.)

*By Mr. McLraith:*

Q. You said the air force said that they had no car batteries or truck batteries. Can you give me the reference to that in the record?—A. I will find that. That is on page 836 about two-thirds of the way down the page:—

Repairable or scrap automobile batteries are returned to the army by the R.C.A.F. hence it is unlikely any heavy duty M.T. batteries in the pile came from 1 E.D.

Q. That is quite different from saying that they did not have any?—A. I am sorry. I withdraw that. What I gathered from that statement was that they never put car batteries in with their ordinary batteries in disposing of them, and on several occasions I have found car batteries in with the ordinary aircraft batteries.

*By Mr. Stewart:*

Q. May I point out that on page 835 it says:—

There may have been automobile type batteries received by Solway from sources other than R.C.A.F. in the pile of manufacturers' cartons.

I think Dr. Brown's inference is—

The CHAIRMAN: Mr. McLraith's question was to bring out the point that these batteries referred to by Dr. Brown may have been sent by the army.

Mr. McILRAITH: No, Mr. Chairman, it was merely to point out a dogmatic statement that was not given in accordance with the record, and I wanted the witness to correct it himself, which he has done.

Mr. MCGREGOR: There are facts set up by the previous witness.

Mr. McILRAITH: He made a direct statement here that the R.C.A.F. said so and so, and they did not say anything of the kind. It may be that they are quite wrong, but they did not say what the witness said. The witness has fully explained it.

Mr. MCGREGOR: Was Wing Commander Mahoney's statement correct?

Mr. McILRAITH: The witness has corrected it.



*By the Chairman:*

Q. Will you proceed, Dr. Brown?—A. I will say nothing about paragraph 6. In connection with paragraph 7, I have a total of six R.C.A.F. batteries in my possession. I showed the one brand new one to Wing Commander Mahoney, but I have a total of six. I think that has a connection with paragraph 7 in that, as you see, these R.C.A.F. scrap tags are in a rather battered condition. Battery acid spills over them, and it is rather difficult to see, but it is written 5J-2 or 5J27. Therefore, the argument of the R.C.A.F. was not that such and such a battery could not possibly be the one I have in my possession does not hold water because, first of all, it is difficult to read, and I also have some tags marked 5J-27 as required.

*By Mr. Golding:*

Q. Where did these tags come from?—A. Most of them from Solways.

*By Mr. Reid:*

Q. Have you any batteries in your possession?—A. Yes.

Q. Can you bring one of them here?—A. In my telegram accepting this invitation to appear before this committee, I asked if the committee would care to come down and see what I had. I have several tons of stuff in my basement and garage.

Q. You are kind of lucky if you have tons.—A. You see, I did not try to buy it from the War Assets Corporation any more. I buy it from the junk dealers.

*By the Chairman:*

Q. As to the six batteries now in your possession, would there be any car batteries in that number?—A. Yes, either two or three are automobile batteries.

*By Mr. McGregor:*

Q. There has been considerable talk about these caps being destroyed on these batteries. Were the caps broken on these batteries that you bought at the junk dealers?—A. You mean the filler caps?

Q. Yes?—A. The filler cap on the new battery was broken in.

Q. Was there anything else wrong with those batteries outside of the cap being broken?—A. No, nothing else whatsoever.

Q. That is in accordance with the statement made by Mr. Stewart.

Mr. STEWART: I made no allegations at any time. I only read the statement.

Mr. McILRAITH: This witness' statement was read to the committee.

Mr. STEWART: Some months ago, following the articles in the *Winnipeg Free Press*, I brought the article up to this committee and quoted an article to the committee.

*By the Chairman:*

Q. Have you anything to say about paragraph 7?—A. I have nothing further to say about that. Paragraph No. 8 says: "Apparently he obtained information from Solways' driver that all the batteries in the pile came from 1 E.D. This is hearsay and incorrect." I have here to file with the committee the actual cards attached which say definitely on the card "No. 1 E.D. (signed) E. Phelps."

Q. Was he the driver?—A. No, he was the R.C.A.F. sergeant that signed it off. I have also one of the scrap cards which is marked "Mount Hope". Apparently, some of the batteries came from Mount Hope.

*By Mr. Stewart:*

Q. In connection with paragraph 8: "Apparently he obtained information from Solways driver that all the batteries in the pile came from 1 E.D.", did you give the impression or make the statement that these batteries came from No. 1 E.D., or how did we get that impression?—A. I said definitely that they came from No. 1 E.D. I now wish to modify that. Most of them came from No. 1 E.D.

(Sheet of R.C.A.F. Battery Tags Filed and Marked as Exhibit No. 2.)

The WITNESS: "The situation resolves itself down to his modified version that 270 aircraft type batteries out of approximately 2,000 various types had filler caps stove in", and so on. This is not my version. I modified my version of this story only as to the source of the batteries. I now say that some came from Mount Hope.

*By Mr. McIlraith:*

Q. What is Mount Hope?—A. I think it is a reserve landing field near Hamilton.

Q. Of the R.C.A.F.—A. Yes.

*By the Chairman:*

Q. Would you care to make an estimate as to how many came from Mount Hope?—A. It is a matter of record in the reply which the R.C.A.F. made.

Mr. STEWART: That is on page 835.

*By Mr. Shaw:*

Q. What does No. 1 E.D. definitely refer to?—A. No. 1 Equipment Depot in Toronto.

*By Mr. McGregor:*

Q. Did some of these batteries come from there?—A. Yes, most of the batteries came from there.

Q. I have always understood that this depot in Toronto was a depot to where goods were sent by the manufacturers, and then distributed from there to the different air force stations. You surely do not mean that all these batteries came from that depot to the junk yard?—A. I am not in the R.C.A.F. All I know is what I read on these cards. It says No. 1 E.D. on them.

*By the Chairman:*

Q. Would you care to answer the question I just asked?—A. I did not get the question.

Q. Would you care to estimate the number that came from Mount Hope?—A. The answer to that is not a question of estimate. In the second series of articles for the *Winnipeg Free Press* that appeared on June 19, 1946 called: "Charge and Reply." Final application is given by Victor Mackie, reporter of the *Winnipeg Free Press*. They printed Solway and Sons denial of the whole thing, and finally they printed my reply to that. In those first two articles we have the exact number given.

Q. Will you go on, please?—A. "Wing Commander Mahoney's report, paragraphs 3 and 4 mentions five separate releases of storage batteries to Solway and Sons by the R.C.A.F. These are 57 on June 25, 1945; 314 on October 3, 1945; 162 in November, 1945; 73 on January 14, 1946; and 51 in March, 1946."

Q. Does that all refer to Mount Hope?—A. No, four of the deliveries refer to No. 1 E.D. and one of the deliveries to Mount Hope.

Q. And of that one delivery, how many would you estimate there were?—A. It is not a question of estimate. It is given in the final figures.

Mr. STEWART: 162.

*By Mr. McGregor:*

Q. I understand that these 162 came from No. 1 E.D. at Toronto?—A. No, from Mount Hope.

Q. You say that when you went to this yard and saw these batteries that they were just thrown off the truck into a pile?—A. Yes.

Q. Once they were thrown off the truck on to the pile, they would not be of any use except scrap?—A. Aircraft batteries were designed to stand rough usage and, as I say, they have these heavy protective covers on them and, as I say, I have batteries in use in my car and in the basement. A good many of those cases have been cracked by such usage, but you will remember that I said in my articles that many of these batteries were in wooden and cardboard cases very carefully padded and packed. They could be thrown on a pile and nothing would happen to them.

Q. If a man bought these batteries for scrap, why would he take them to this yard and throw them in a pile instead of just putting them off the truck. I do not know why he would do that if he wanted to dispose of these batteries for anything else except scrap. I would like to get the explanation of that?

*Mr. McIlraith:*

Q. Before he answers that, will he answer this question? Who delivered the batteries? Were they R.C.A.F. trucks or Solway trucks?—A. The answer to the first question is very simple. Solway and Sons is an established business in Toronto, and if they did not scrap the batteries, they would be sued for breach of a civil contract. They promised to destroy the goods.

Q. I wanted to know whether these batteries were delivered to the junk yard by the R.C.A.F. or by Solways in their own trucks?—A. Solways, in their article, deny that it was their trucks. The trucks are red trucks and black letters across each door "Solway and Sons." That is my authority for saying they are Solway trucks.

Q. Have you that contract?—A. I know nothing about contracts.

Q. Why do you say there was a contract?—A. I say nothing whatsoever first hand about this contract because I am not in this business, but in Solway and Sons' statement and also in a certain War Assets Corporation statement it says very definitely that the material sold as scrap must be melted down.

*By Mr. Cote:*

Q. That was your source of information for saying that?—A. Yes.

*By Mr. Probe:*

Q. Would that include batteries?—A. The one that Solway and Sons were talking about was specifically on batteries.

Q. Do you think it was in the contract?—A. I do not think it. It is definitely on that contract. They are talking about batteries.

Mr. COTE: On a point of procedure I would move that we adjourn until 11.30 o'clock a.m. in order that we may appear at the opening sitting of the House.

The CHAIRMAN: We will adjourn until that time.

The committee adjourned at 11.00 o'clock a.m. to sit again at 11.30 o'clock a.m.

The Committee resumed at 12.00 noon.

The CHAIRMAN: Gentlemen, shall we proceed with the witness? Dr. Brown, is it your desire to continue?



The WITNESS: We reached paragraph 8 on page 835. I should like to go on from there, skipping paragraph 9 for the time being, to page 837, and put on the record the following words which are in the R.C.A.F. version about the matter of what contract the junk dealer signs with War Assets: "The purchaser hereby agrees to the following: that material sold shall not be used for any other purpose except that of remelting."

On page 836, about the middle of the page, in the R.C.A.F. version: "Dr. Brown when interrogated by W/C Mahoney admitted that whilst there were approximately 2,000 batteries of various types in the pile, it was his estimate that 270 had the filler caps smashed in."

Now, as I have explained before, it was not my estimate that only 270 were smashed. I said that 270 was the estimate of the number that formed the top of the pile, the part which was on display, and since the pile was reasonably homogeneous I drew the conclusion that there were other batteries similarly smashed down under the pile.

Mr. McCULLOUGH: He did not dig into the pile to find out. That is your opinion.

The WITNESS: Yes, it is the conclusion I drew from seeing the top of the pile and seeing a certain type of material; therefore I think the bottom contains it too.

Again on page 837: "It is not economically practicable to salvage used battery cases for rebuilding."

If you look at the telephone book of any large city you will see that it is a well established business—the rebuilding of storage batteries—and men make their living at it. You apply a blow torch and take out the lead plates and you can fix them and put new plates into the battery case. That is a standard business in large cities.

On page 837: "Dr. Brown agreed with W/C Mahoney that aircraft batteries could not be economically used on M.T. vehicles but were useful for motor boats. . ." Dr. Brown did not agree; and as I have said he had one operating in his own car at that time.

Also on page 838 at the top of the page: "The design, construction and dimensions preclude them from being used in lieu of automobile type batteries without going to considerable trouble to modify and adapt them." I cannot agree with that statement that a man with any sort of—who is at all handy with tools cannot do that job if he is familiar with mechanics, and I think anyone could adapt these batteries easily for use in his own car.

Mr. McCULLOUGH: I think it would be well as we go along for the chairman to ask some questions in regard to these matters, in regard to these batteries. As I understand, they are two, four, six and twenty-four volts and the two volts are usable on two-volt radios, etc.?

The WITNESS: Of course, I am not familiar with two-volt radios, but I suppose you mean for the one battery supply?

Mr. McCULLOUGH: Yes.

The WITNESS: Yes. That is what they were used for. Radio tubes used for two-volt supply.

Mr. REID: Let us go back to page 835. I take it we are keeping to the subject of batteries until we exhaust that subject. The statement which appeared in the *Winnipeg Free Press* was: "Several truck loads of new storage batteries unloaded at Solway and Sons." Then in the next column there is: "We never received more than one truckload at any time." And the R.C.A.F. version was that 647 were handed over to Solway and Sons. Is the committee going to try to find out which of the statements is correct? The R.C.A.F. say 647. We should try to find out the truth of these statements if we can.

Mr. STEWART: Everybody seems to be correct in this first statement. The witness said that several truckloads of used batteries were unloaded. Certainly if there were five shipments of storage batteries there must have been several truckloads taken to Solway and Sons plant.

Mr. REID: They say several truckloads. How many were there in a truck? All batteries are not large. I want to know how many truckloads 647 will make. If you are going to make that statement let us know the truth about the statement.

The CHAIRMAN: You are at liberty to ask questions.

*By Mr. Reid:*

Q. I will ask the witness how many could go in a truck at one time?—A. My answer to that is that it depends entirely on the type of battery and also on the weight of it. Some of them are very large, some of the 24-volt type used in the heavy aircraft are 24 inches long by 12 inches wide by 12 inches deep, and are almost solid lead. They are heavy. You could not take many of them on a truck.

Q. How many have you seen on a truck?—A. Well, the two trucks that came in that I saw were not piled up very much at all, but I think they had a good load on—that is if they were two-ton trucks; if they were one-ton trucks, let us say, I think they had a ton on them.

Q. How many? The R.C.A.F. state 647. Let us know something about it. When you say several truckloads, how many would there be on a truck? If I saw two truckloads I would be able to tell you how many were on a truck.—A. You want me to give an estimate?

Q. You made the statement in the press, you know. Is it several truckloads? I am taking up the statement of the R.C.A.F.

Mr. McCULLOUGH: Perhaps what the member wants to know has to do with the evidence the witness has given with regard to the trucks that he saw and what he would estimate was on each of those trucks.

Mr. REID: No, I will make my own interpretation. He said in the *Winnipeg Free Press*, "several truckloads". Now, the R.C.A.F. say 657. I want to understand in my own mind whether 647 could get on one, two or five trucks. The witness says he saw them. Let us know how many he saw. If I saw them I would be able to tell the committee.

The WITNESS: My answer to that is that without making some calculations I could not tell how many batteries were on that truck, because as I say there was the matter of the batteries' length, size, cubic content, smaller or larger than that pile of notebooks up to large batteries.

*By Mr. Reid:*

Q. How many trucks did you see?—A. I saw two trucks on two separate occasions.

Q. Do you think two trucks could carry 647? The R.C.A.F. say they disposed of 647.

Mr. McCULLOUGH: I do not think the witness ever made any statement that he saw all those batteries going into this yard; he makes the statement that he saw two truckloads of batteries going into this yard, and he says it all depends on the size of the batteries. As to how many batteries were on the car—the statement has been made that there were 2,000 batteries in the yard. I have seen the statement with regard to 2,000 batteries. You can argue about how many batteries came in, how many trucks, and when.

Mr. REID: It is the R.C.A.F.'s point. They mention the number, and I am checking that up against the statement, which is the logical thing to do.

appearing in the *Winnipeg Free Press* which said "several truckloads". Several truckloads if they were small would be one thing and if they were large would be another. I am asking a legitimate question.

Mr. McCULLOUGH: He has said it half a dozen times.

The CHAIRMAN: The witness is well able to take care of himself. Will you answer that, Dr. Brown?

The WITNESS: My answer to that is that I did not count the batteries on those two truckloads, but they were mixed, some were large and some were medium size and some small like automobile batteries, and some small like that (indicating a small battery). There were two loads, and those two loads were added to a pile of batteries already in the yard, and I estimate that the total number of batteries in that pile, after the two truckloads had been unloaded onto it, is 2,000.

*By Mr. Reid:*

Q. One more question. Did you see them still in their packing cases?—A. I did not count those either.

Q. I am not asking for the count. Did you see any batteries in the packing cases unopened?—A. Yes. I would say a very large proportion—such a large proportion of the batteries were in their packing cases that I got the impression that all the batteries had been in their packing cases at the time when they were first thrown on the trucks. There were bits of wood and cardboard cartons around the truck that had blown off because of the way they were loaded.

*By Mr. Stewart:*

Q. In view of the sizes of trucks would it be possible to make any statement as to how many were on without the risk of being outrageously wrong and having your evidence discarded?—A. I do not feel I should run that risk by making an estimate. If the committee wants to make an estimate they have as much geometry and arithmetic as I have and they can estimate the cubic content.

*By Mr. McIlraith:*

Q. Is not your estimate in the *Winnipeg Free Press* story?—A. In the *Winnipeg Free Press* story. There is the matter of the total number of batteries on the pile after the trucks unloaded.

*By Mr. Marquis:*

Q. You saw two trucks?—A. I saw two trucks on two separate occasions.

Q. Two trucks each time or one each time?—A. One truck each time, yes.

*By Mr. Bradette:*

Q. Before we went into the House the witness made a statement of the contract between the R.C.A.F. and the Solway Company, about the destruction of the stuff. You mentioned that you must have the contract to know something of it. This is a committee of the House of Commons and we must deal with concrete matters because of the accusation you have made. What was the content of the contract made?

Mr. SHAW: On a point of order, may I remind the committee of that quotation at the top of page 837 in the R.C.A.F. version which is presumed to be an extract from the sales agreement. It says: "The purchaser hereby agrees to the following. . .". I mention that because the witness did bring that to the attention of the committee.

The CHAIRMAN: Probably that was before Mr. Bradette came in. You will find that information in the upper right-hand corner of page 837, Mr. Bradette.



Mr. BRADETTE: Would you like to elaborate on that? There was more than that in the contract.

The CHAIRMAN: I think the witness said he had not seen a contract form; is that right?

The WITNESS: Yes.

The CHAIRMAN: Perhaps you had better repeat it.

The WITNESS: I have never seen a copy of the contract which War Assets makes with the junk dealers with regard to the disposition of scrap. What I did was quote from the committee minutes on that matter.

The CHAIRMAN: Did you know that quotation when you made the reference on a previous occasion or did you discover that since?

The WITNESS: The answer to that is that in two years in going around to the junk dealers I am on friendly terms with them. I know them well, and when junk dealers who are scattered over Ontario and Quebec all agree that this term is in their contract I take it as good evidence that it is there.

The CHAIRMAN: Mine was not a catch question. You did not volunteer that information in the early morning session; it is only since the recess that you have drawn our attention to it.

Mr. MURPHY: What is that?

The CHAIRMAN: I was saying I did not want the witness to think mine was a catch question. I asked because of the fact that he did not refer to that at our early morning session when he was asked that question.

Mr. MURPHY: I think he did.

The CHAIRMAN: No.

The WITNESS: If I may say so, I referred to it in general terms, but I was not specific. Now, I have made it specific.

Mr. MURPHY: It was referred to in evidence by someone who referred to page 837, the top paragraph.

The CHAIRMAN: The evidence will show whether you are right.

*By Mr. Bradette:*

Q. On page 836 in the *Winnipeg Free Press* section, item 9, I see these words: "The batteries had been shipped dry and never even filled with acid by the R.C.A.F." In the Solway and Sons version it says: "How could anyone know the batteries were shipped dry unless the caps were taken off and each battery turned over to see if any liquid remained." I believe it is a fair statement for a dealer to make. How will the witness contradict it?—A. On the face of it it is not a fair statement except that the red R.C.A.F. cap cards were in many cases stapled and blue cards were printed on the Exide battery and on the Hart battery telling how to put new unfilled batteries into service, the method of charging and what specific gravity you use and what temperature and so on. That is the first body of evidence that leads me to think the batteries were unfilled. The second thing is—I have the samples of the lead plates and of the separators which can be shown by chemical analysis to have never been acted on by sulphuric acid.

*By Mr. Stewart:*

Q. If the batteries were dry and had never been filled with acid, do you think anybody would take the trouble to put batteries back again into the cases when they were going to be consigned to a scrap heap?—A. The question asks for an opinion about the ways of one of the armed services. I have no opinion.

Mr. BRADETTE: Did you give a lot of opinions about these batteries when you said they had been shipped dry and never been filled with acid by the R.C.A.F.? That was a statement made right in the article from the *Winnipeg Free Press*.

Mr. STEWART: On the best of evidence.

Mr. BRADETTE: Not necessarily, because Solway and Sons say, "How could anyone know the batteries were shipped dry unless the caps were taken off and each battery turned over to see if any liquid remained." I think that is a fair statement on the part of the dealer. They must know as much as the witness about batteries.

Mr. STEWART: Solway does not deny the fact that—

Mr. MCGREGOR: The witness has made the statement. Can it be tested and proven that there has never been acid in them?

The CHAIRMAN: Would you clear up one question with regard to the condition in which the batteries were on the pile? Were there to your knowledge any batteries in their original case or cases?

The WITNESS: I have put on the record this morning the fact that that battery which I showed Wing Commander Mahoney, which is my prize exhibit, was taken out of this case, and the reason it was in such excellent condition, all polished and new, is that it was in a wooden case when I found it in the yard, and that is how it survived being thrown on a pile of hard bodies.

The CHAIRMAN: There were other batteries in cases in that pile?

The WITNESS: Yes, many of them.

The CHAIRMAN: About how many would you estimate? You estimated in other cases?

The WITNESS: I can only say in answer to that question what I said before; there were so many that I got the impression that if the pile were homogeneous there would be, oh, well, I would say 80 per cent of them had some sort of cover on them.

The CHAIRMAN: In cases?

The WITNESS: Yes.

Mr. BRADETTE: On page 837 of the record, item 11, in the *Winnipeg Free Press* column, I see: "I tried to buy some of the batteries from Mr. Solway. He said they could be sold only in truckload lots. I offered to buy a truckload. Then he said he was not allowed to sell." Then by way of comparison we have the Solway & Sons version as follows: "We would never state batteries could only be sold in truckload lots because if a person has a permit to purchase batteries from the Metals Controller, he can purchase battery lead scrap in any quantities from a pound to a carload, as long as the permit calls for so doing." Then the R.C.A.F. version is this: "The sales order awarded by War Assets to Solway is endorsed 'The purchaser hereby agrees to the following...'" I do not believe I need to read that. Both these statements are contradictions of the one made by the witness. I should like to have some more enlightenment from the witness, because I can see no reason why Solway & Sons who are in business to sell the amount that he wanted, would not sell a truckload at one time. I should like to have something more definite than that. The statement that was made in that instance is very evasive.

The WITNESS: The answer to that is that Solway & Sons and the air force are talking about one thing and I am talking about another thing. I say I tried to buy some batteries. When I talk of batteries I mean complete batteries that you can put in your car or aircraft, the sort of battery you buy off a retail dealer's shelves. Solway & Sons are talking about lead scrap which

is what you have left after the workmen have burned or knocked the hard rubber cases off the batteries with sledge hammers.

Mr. BRADETTE: Well, I mean it is not the answer to what you put forward there. You said very definitely there, "He said he was not allowed to sell in truckload lots." You said, "I offered to buy a truckload". Surely Solway & Sons must have understood your language. A truckload of batteries has only one meaning, and a dealer or company in the market to sell that amount of goods surely would have grabbed the opportunity to sell them. There is something that does not jibe as between Solway & Sons and the witness. I am not satisfied with that statement at all. Even if it was made they say, "We would never state batteries could only be sold in truckload lots". They mentioned batteries. Solway & Sons mentioned batteries. They did not mention lead at all.

Mr. PROBE: Might it be that a permit is required to buy that sort of thing, Mr. Chairman? Is there a restriction on the purchase of this sort of commodity by the end user?

The CHAIRMAN: Do you know of any restriction?

Mr. PROBE: No, I am not aware of any. That is why I asked.

Mr. MARQUIS: It is a hinge.

The CHAIRMAN: The witness says he can answer that, if you care to have him do so.

The WITNESS: I did not mean that I could answer that question. I meant I could answer the question asked by the other hon. member.

*By Mr. Bradette:*

Q. Yes, I should like to have that. You said you could not even buy a truckload of batteries. There must be something wrong some place. Solways were in business to do business.—A. The answer to that is that Solway & Sons are not permitted to sell batteries. They are permitted only to sell battery scrap. It says right here at the top of page 37, "The sales order awarded by War Assets to Solway is endorsed, 'The purchaser hereby agrees to the following',—and the purchaser is Solway—"—"that material sold shall not be used for any other purpose except that of remelting". That takes out the possibility that Solway could legally sell a complete battery for use. They could sell only lead scrap.

Q. That answers your accusation. You could not buy batteries directly from Solway & Sons under that contract, under those conditions, no doubt that was explained to you, if you were familiar with them at the time.—A. My answer to that is that at the time I had no certain knowledge that there was such a clause in the scrap contract. There had been rumours to the effect that the manufacturers had insisted that material be rendered to scrap and so on. But for all I knew, this was just rumour, and I could buy batteries at the market.

Mr. CLEAVER: The answer is that you were wrong.

Mr. PROBE: That is no fair answer.

Mr. CLEAVER: That is what the witness says.

Mr. BRADETTE: Mr. Chairman, here is a person who goes to a business organization handling the amount of stuff that he wanted to buy, and wanted to buy a truckload at the time; the witness knew what he was doing and certainly the firm must have understood his language too. There is no getting away from that fact. I, for one, am not satisfied even with this answer that has been given to me now. This is a business proposition. I want to tell the witness that I admire his courage and I admire what he has done, because we want to get to the bottom of this. If there is anything wrong with any government depart-



ment, we are going to be the first to jump on it and to correct it. But we want to be sure of our ground. We are dealing with matters of very great importance. I mean what I say, because I am with my good friend here. If I know of anything that is not right with regard to a governmental department, I am going to be the first one to jump on it with both feet. I want the witness to realize the seriousness of the situation, as far as members of this committee are concerned. Again I say that I am not satisfied with the answer. Surely when you go to the bottom of it—assuming that when they knew you wanted to buy a truckload of a certain thing they knew what the import was in that transaction—they did not try to lead you astray. No one could believe that. I for one cannot believe it. There is something there that does not jibe.

Mr. SHAW: Mr. Chairman, on a point of order, I wonder if it is proper for us to assume that Solway would not have done this or certainly having been in business would not have done something else. I do not think it is fair for us to assume things of that kind.

Mr. CLEAVER: Had he not contracted not to do it? Surely there is no right to assume that a man is going to break the law or break his contract?

Mr. SHAW: That may be true, but it seems to me that Mr. Bradette's questions are working on the assumption that Solway would or would not do certain things.

Mr. CLEAVER: I do not want to argue, but I do want that clear. The witness frankly says, "I did not know." In other words, he admits he was wrong.

The CHAIRMAN: I think there is something to what you have to say, Mr. Shaw, but we have given considerable leeway in regard to questioning.

Mr. SHAW: I am not trying to prevent questioning.

The CHAIRMAN: No.

Mr. STEWART: I think it should be remembered that the witness pointed out that while he was dealing with batteries, Solway thought he was dealing in lead scrap.

The CHAIRMAN: What I want to do, as I have stated on previous occasions, is to see that the witness is given proper protection in regard to questions.

Mr. BRADETTE: Mr. Chairman, I do not believe I will accept those words. I do not think any witness has ever required any protection from me, as long as I have been a member of parliament.

The CHAIRMAN: Please do not think my reference was a personal one, Mr. Bradette.

Mr. BRADETTE: No. I just happened to be questioning at the time.

The CHAIRMAN: Yes.

Mr. BRADETTE: Taking the statement of Mr. Stewart, this is what Solway & Sons say, "We would never state batteries could only be sold in truckload lots." Surely they knew what was meant by the transaction by mentioning the word "batteries" there. There was no leeway left. It was a concrete transaction. Both parties knew exactly what they were doing. That is why I say this is a serious question; it is a serious accusation. When a man, a citizen of this country goes before an instituted corporation to buy a certain amount of stuff and he is led away—and a governmental department, if you please—on matters in which the government is interested, surely a statement of that nature will have to be very carefully made and the person must be on absolutely solid ground before he states it. That is the way I feel about it. If it is absolutely corroborated, then somebody is guilty.

*By Mr. McCullough:*

Q. Mr. Chairman, my first question to the witness is this. I think he referred to his prize exhibit in reference to a battery. Is that true?—A. Yes.

Q. Was this battery in its original case, unbroken whatsoever?—A. This battery was in its original packing case.

Q. Was that packing case broken in any way?—A. Not seriously. Some of the slats were bent, maybe were cracked, but not broken through; it was a wooden case.

Q. I understand it is an air force or airplane battery?—A. Yes.

Q. And this bakelite top would have to be taken off in order to knock in the filler cap?—A. Yes.

Q. Were those filler caps broken on this particular battery?—A. The end filler cap was broken in.

Q. Then in some way the case had been opened?—A. That is right. The case had no cover on it. The battery was merely dropped in and held by its own weight inside the wooden packing case.

Q. And there was no bakelite top on this one?—A. Yes, there was a bakelite top on the top of it. The complete battery was there—the battery, the terminals, the filler cap and the protective bakelite cover with its hold-down straps, and the whole thing was in a wooden packing case without a top.

Q. Were any of the other batteries in cases? Did they have cases or cartons? Were they in cartons?—A. Some were in cartons, yes.

Q. Did you find any batteries in cartons which were never opened, such as smaller batteries?—A. No. I did not find any that were in unopened cartons. The cartons were opened.

*By the Chairman:*

Q. May I interrupt there, Mr. McCullough? That is the point I tried to make a little while ago, as to whether there were a number; and my impression was that there was a large number; "Many, many" were the words you used.—A. Yes.

Q. You said there were many, many such cases. Now you answer to Mr. McCullough is that there was no such number.—A. I wonder if the confusion is not here. I understood the chairman to ask me last time whether or not the protective covers were or were not on the batteries.

Q. Oh, no. I was asking—A. That was the answer I gave.

Q. I was asking you about the batteries being in their original cases, and I used the word "original" if I remember rightly. You said there were "many, many" and now you say "no".

*By Mr. McCullough:*

Q. I know something about batteries. Here again, referring to page 837 and the R.C.A.F. version, their version seems to be, as I read it, "It is not economically practicable to salvage used battery cases for rebuilding." In this case it seems to me since the witness has told us that a lot of these batteries, according to the evidence he has given us, were dry, that would mean also from his statement that the plates and spacers showed that these batteries had never been used. I should like his comment regarding the economic feasibility of rebuilding those batteries. What would you say? Was it practicable or not?—A. Mr. Chairman, the new batteries needed only this to be put into service in aircraft, and that is the most exacting service you can think of; that is, the broken filler caps on the end of each one had to be replaced and pitch poured around it to make a tight seal for the acid, because when an aeroplane is doing aerobatics you want the battery to be sealed so the battery acid does not leak out over the plates.

*By Mr. McGregor:*

Q. Have you any idea of the cost of one of these batteries you are speaking about at the moment; that is, the new price?—A. From the trade organs which I get such as *Trade-A-Plane News* and *Canadian Aviation*, I estimate the price of the new batteries I have as \$80.

Q. What would the cost of the cap be?—A. It is a special sealed cap. I would think you would have to pay maybe 50 cents for it. But the cap is there. It has just been bashed into the battery and you have to put it back; that is all.

*By Mr. McCullough:*

Q. Would the witness state the duration of the usability of these batteries in comparison with ordinary commercial batteries which are sold on the market to-day? He has referred to the superiority in make-up.—A. Yes. You understand I am speaking now from general knowledge. I have no specific knowledge of this particular type of aircraft battery; but judging from the fact that aircraft standards are followed in the manufacture of aircraft batteries, all the characteristics of the battery should be superior, comparable to automobile batteries. That is, you are dealing with a very high class product designed for aircraft. I should think therefore its life would be longer.

*By the Chairman:*

Q. Dr. Brown, dealing with the second paragraph of the answer as given by the R.C.A.F., does that refer to battery cases or to boxes containing the batteries?—A. There, Mr. Chairman, is where I misunderstood you last time. There are wooden or cardboard packing cases which are used for shipping batteries from one place to another. After they get to the place where they are going to be used, they are taken out of that and then you have the hard rubber or bakelite case, with terminals and so on along the top and a hard rubber cover which protects those terminals.

Q. Yes?—A. What they are talking of here, as I understand it, is used battery cases. Those cases are the hard rubber cases which could be cleaned out and you can put new plates in if necessary; and as I say, there is a regular business in Canada in making those batteries over.

*By Mr. McCullough:*

Q. Mr. Chairman, again it is my personal opinion, and perhaps that of this committee. We have a 24-volt system on most of the planes. I refer to their electrical system, as I understand it. I have protested very vehemently about the destruction of certain light equipment such as the landing lights on the planes. Would the witness care to say that such equipment, using 24-volt battery, could be used in community floodlighting for dramatics, or anything of that nature? Would there be any practical use in using such obsolete equipment as far as the air force is concerned?—A. Mr. Chairman, I think the best answer to that is that I have taken care to collect Grimes landing lights and such equipment as that for my own use and at some cost and trouble to myself. I have collected those materials. I think they are useful. I think they are wonderful equipment.

*By Mr. Bradette:*

Q. Mr. Chairman, on page 837, No. 12, we find this:

Later he (Solway) said they used to remove the lead . . . and so on. This is the answer of Solway & Sons:—

We never at any time sold any cases for re-use and no member of the government or War Assets Corporation spoke to us in this connection.

This is a very severe accusation and we must get more enlightenment on it. The *Free Press* article says:—



Later he (Solway) said they used to remove the lead—and sell the case for re-use but this was stopped by the government.

I suppose the War Assets Corporation was meant, and they are an emanation of the government. It continues:—

They used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets.

Those are the words of Mr. Solway. As was stated this morning, it is one witness against another. I believe we will have to have Mr. Solway here or some of his officials in order to answer and corroborate or contradict if it is necessary. They say:—

We never at any time sold any cases for re-use and no member of the government or War Assets Corporation spoke to us in this connection.

I know the witness realizes that it was a very wide charge that he has made in this instance, and I should like the witness to enlarge upon it and give more illumination to the committee on that charge.—A. Mr. Chairman, in answer to that, may I read into the record from an article I wrote for the *Winnipeg Free Press*, June 19, 1946, as my reply to Mr. Solway's written statement. I am quoting now from the article:—

Some of Mr. Solway's assertions, since most of the evidence is now destroyed, must simply be weighed against equally positive assertions to the contrary made by me, remembering the while that as a reporter I have nothing to gain by fabricating such a story. Under this head must go Mr. Solway's denial that he told me that he sold battery cases for re-use, that people had offered him \$5 each for the batteries, that he tried to get permission from War Assets to retain some of the batteries for company use, that he argued with an inspector from War Assets trying to save some of the batteries and so on. Mr. Solway is probably sincere in saying he has never had any friendly conversation with Sherashevski, which is the pen-name I regularly employ. But if I were to appear before Mr. Solway he would immediately recognize me as a person with whom he has had regular dealings for the past two years and with whom he has had many a talk about conditions in the salvage business.

MR. MARQUIS: You have to prove your accusation. When an accusation is made, it is up to the accuser to prove it. The burden of proof is on your shoulders. You have not proven the accusation. You have no documents. You have nothing. You say, "Mr. Solway told me such-and-such a thing". Mr. Solway says no. There is a regular way of proving a thing, and it is to have some evidence with regard to it.

MR. BRADETTE: Yes, because that statement, Mr. Chairman, is a strong one. Again I want to be on sound ground, as a member of this committee. It is not as a matter of criticism. It is to get to the bottom of the thing to which the attention of the public is directed at the moment. Every one of us wants to see that the proper thing is done. However, the witness must realize the nature and strength of his accusation. Hearsay alone is not sufficient, even before a committee. Before a court of law is it certainly not sufficient. But even before a committee of the House of Commons it is not sufficient. There is no corroboration here because there is a denial by the man that was involved, by Mr. Solway himself. There were strong words used by the witness when he said, "Later he (Solway) said they used to remove the lead—and sell the cases for re-use, but this was stopped by the government. They used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets". Where would you get that information in order to make that statement? It was a big statement to make, even for a newspaperman. Generally speaking, newspapermen are well versed in matters of that kind and they are very guarded in statements they make of that nature unless they have proof of them. I, for one, do not see any proof of this: "They used also to carry the pieces (of cases)

to the city dump but this was stopped on orders from War Assets". What made you think there were definite orders by War Assets to do that? Did you have anything concrete in writing, or was it only hearsay? Was it your own opinion or your own conclusions?

Mr. STEWART: Mr. Chairman, is it not possible that here we have a conflict between the credibility of two witnesses as far as No. 12 is concerned, because if it is a flight of imagination, it is one of the best I have ever seen. It is very hard for me to believe that the witness would draw this idea out of the clear blue and attribute it to Solway. As far as the reliability of the evidence of the witness up to the present is concerned, I am quite prepared to accept his word. In addition, I am told that he and Solway and also other junk dealers had discussions about the same matter, but that Solway has denied this because he said he thought he was dealing with a person called Sherashevski, whom he did not know.

Mr. MARQUIS: Mr. Chairman, here is the point I want to bring to your attention. The witness wrote the following words: "They used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets". Did the witness get in touch with some official of War Assets Corporation before writing this in order to ascertain that fact? That is the point.

The WITNESS: My answer to that is that I have before me here several books full of answers to questions that I have asked War Assets and the letters in the most part say, "Sorry, we have no information on that" and "We have not got this" and so on. I have been unable to get any information from War Assets.

Mr. MARQUIS: Mr. Chairman, that is not the point. On this particular fact, when you heard that they used to carry the pieces of cases to the city dump, but this was stopped on orders from War Assets—and I hope the witness will listen to me—

Mr. MCGREGOR: What number is that?

Mr. MARQUIS: It is number 12. It says, "They used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets." Did the witness particularly ask some representative of War Assets if they used to carry pieces to the city dump? Did he do that or not?

The WITNESS: Mr. Chairman, I did not ask anyone in War Assets to verify that statement, for two reasons. First I had been unable in the past to get any satisfaction from War Assets in answering my questions; and second, using my own judgment—it may well have been faulty—I did not consider that that was the crux of the matter. I considered I had the storage batteries, I had the R.C.A.F. tags, I had all things which would be considered evidence in a court of law.

Mr. MARQUIS: Mr. Chairman, the only ground on which this version has been based is on a so-called declaration of Solway & Sons. Is that it?

Mr. BRADETTE: No. His own conclusion.

Mr. MARQUIS: A conclusion of his own or a declaration by Solway & Sons.

The WITNESS: Mr. Chairman, I am quoting, as I say in my article, what Solway said to me.

*By Mr. Marquis:*

Q. What Mr. Solway himself said?—A. That is right, the son.

Q. And this is denied by Mr. Solway.—A. So I see.

Mr. BRADETTE: And by the air force.

Mr. MARQUIS: And by the air force.



Mr. STEWART: I think this is irrelevant to the fact that we are trying to discover, whether or not batteries were destroyed by the R.C.A.F. That is the point we are trying to dispose of.

Mr. BRADETTE: The point is much deeper than that, Mr. Chairman. We are dealing with a governmental institution against which there has been the accusation in the press that there has been great extravagance, great destruction, with great loss to the Canadian people. It goes much deeper than the statement just made by Mr. Stewart.

Mr. STEWART: But No. 12 does not affect that.

Mr. BRADETTE: Oh, yes. It is part of it. You cannot take a part away from the whole. It is absolutely impossible to separate them; one is complementary to the other. We must be very careful as we proceed to be certain that the statements made by the witnesses are absolutely corroborated by the facts. So far I have not been able to obtain that corroboration. The witness said, Mr. Chairman, speaking of the orders of the War Assets Corporation, that it was his own personal conclusion. That cannot be satisfactory to anyone who listened to that statement. Personal conclusions in some cases are right, but there might come a time when they are wrong. That might apply in this case where great policies are involved and where there has been a troubling of the mind of the Canadian public. So we must be very careful as we proceed that we are very certain there were definite orders from War Assets and also by the government, because the witness used both expressions in that statement. First he used the word "government"—but of course it comes to about the same thing because War Assets is an institution of the government. So as we proceed we must, I think, have regard for this fact. We are dealing with a matter in which we have to be very careful; and every one of us wants to get to the bottom of this thing, because we do not want any destruction to occur as far as War Assets is concerned.

Mr. STEWART: Surely this destruction that Mr. Bradette is talking about has nothing to do with No. 12.

Mr. BRADETTE: Oh, yes.

Mr. STEWART: I will quote again a part of it: "They (Solway) used also to carry the pieces (of cases) to the city dump but this was stopped on orders from War Assets." We are not questioning the price at which War Assets sold this material to Sherashevski. All we are discussing is: Did War Assets tell Solway "You are not to carry this stuff to the dump"?—which I think is completely irrelevant to what we are trying to discover, namely, were these batteries destroyed? Carrying this stuff to the dump does not mean very much to me.

Mr. BRADETTE: In No. 14, Mr. Chairman, we find this, "He (Solway) would not risk breaking his contract even for a profit of nearly \$10,000." The answer by Solway & Sons is, "We never told anyone we could make a profit of \$5,000 by selling the batteries for re-use and even if we could it certainly does not appear likely that we would confide this information to a total stranger." Again there is an absolute contradiction between this witness and Mr. Solway. Will the witness make a statement on that question, because there is quite an amount involved there?

The WITNESS: Mr. Chairman, my answer to that is that I have already—in my opinion—answered that in quoting from the *Winnipeg Free Press* article and that is already on record.

Mr. MARQUIS: It is not necessary to quote what you wrote. You may give the reasons here now.



Mr. STEWART: The witness stated in the *Free Press*:—

Some of Mr. Solway's assertions, since most of the evidence is now destroyed, must simply be weighed against equally positive assertions to the contrary by me.

That is the situation.

Mr. MARQUIS: Mr. Chairman, did the witness know at the time that the committee was sitting here on war expenditures?

Mr. BRADETTE: I think it was before that.

The WITNESS: At what time, please?

Mr. MARQUIS: When you wrote that article and you got this so-called information from Solway?

The WITNESS: No. I knew nothing of the committee at that time. May I go on now, Mr. Chairman?

The CHAIRMAN: Yes. I was just turning that answer over in my mind.

The WITNESS: That is at the time of the first Winnipeg *Free Press* article on batteries.

The CHAIRMAN: What was the date of that?

The WITNESS: March 14, 1946.

Mr. STEWART: The committee was not sitting at that time.

Mr. MARQUIS: The committee sat last fall.

Mr. STEWART: It was not sitting at that time.

Mr. MARQUIS: But they sat last fall.

Mr. MCGREGOR: But not on March 14.

The CHAIRMAN: The committee, Mr. McGregor, was sitting here and we held our first meeting on—

Mr. BRADETTE: We sat on April 4.

The CHAIRMAN: —Tuesday, November 13, 1945. That was last fall.

Mr. MARQUIS: What page?

Mr. BRADETTE: Last fall.

The CHAIRMAN: I gave the date.

Mr. SHAW: Mr. Chairman, in my opinion the fact of whether or not this committee was or was not sitting is completely irrelevant.

The CHAIRMAN: Quite so.

Mr. SHAW: That is completely irrelevant. There is nothing to state that anyone in this country is under any moral obligation or otherwise, if he feels that something is irregular, to communicate with this committee.

Mr. MARQUIS: Nobody said that.

Mr. SHAW: But you left the obvious inference.

Mr. MARQUIS: No. I asked him a preliminary question. He did not know we were sitting. After that I would have put another question and the hon. member does not know what I would have asked.

Mr. SHAW: I have a pretty good idea.

Mr. McCULLOUGH: I think if we want to be technical we could waste quite a bit of time here. I understand Solway has not appeared before this committee. Is that correct?

Mr. BRADETTE: That is right.

Mr. McCULLOUGH: In this Solway & Sons version it says, "We never at any time sold any cases for re-use and no member of the government or War Assets Corporation spoke to us in this connection."

Mr. BRADETTE: Where is that?

Mr. McCULLOUGH: That is at page 837, No. 12. I might just say that it does not state there definitely that Solway did not get a letter from War Assets, perhaps that they were changing their policy; and I think we are wasting the time of our committee here by trying to thresh this thing out. The witness has made a statement. We have the version by Solway & Sons, and I think we should proceed.

The CHAIRMAN: Will you proceed?

The WITNESS: May I do so, Mr. Chairman?

Mr. MARQUIS: It is 1 o'clock.

The CHAIRMAN: What shall we do? Shall we continue now or shall we meet this afternoon at 3.45?

Mr. STEWART: We could meet at 3 o'clock or 4 o'clock.

The CHAIRMAN: At 3.30?

Mr. STEWART: I just wondered why you said 3.45?

The CHAIRMAN: 3.30. I was thinking about the orders of the day.

Mr. SHAW: Mr. Chairman, do you think we should meet this afternoon?

The CHAIRMAN: I think in all fairness to the witness we should.

Mr. BRADETTE: We have quite a problem before us if we are to meet this afternoon.

Mr. STEWART: There is very important business before the House this afternoon; resolutions 12 to 16 will be before the House and they deal with taxation of co-operatives. It might be better perhaps to meet again tomorrow morning; but to a certain extent we have got to consider the witness.

The CHAIRMAN: Yes.

Mr. MARQUIS: Will the witness be here next Tuesday?

Mr. MCGREGOR: What about tonight?

Mr. STEWART: I do not imagine the debate on those resolutions will be concluded very quickly.

The WITNESS: The witness is at the service of the committee.

Mr. MARQUIS: Where does the witness live?

Mr. MCGREGOR: Near Toronto. I would suggest next Tuesday.

Mr. MARQUIS: Next Tuesday will be fine.

Mr. STEWART: Do we meet tomorrow, Mr. Chairman?

Mr. MARQUIS: No.

Mr. STEWART: I have some more business to bring up before this committee.

Mr. BRADETTE: We should make it as easy for the witness as possible.

Mr. McILRAITH: Next Tuesday.

Mr. STEWART: I still would like the committee to go on, even though we do not have Mr. Brown.

The CHAIRMAN: What is your pleasure, gentlemen, about tomorrow's meeting?

Mr. MCGREGOR: Tuesday will suit me.

Mr. STEWART: We are coming to the end of the session and there is still a lot of work to be done.

Mr. BRADETTE: Tuesday.

Mr. McILRAITH: I suggest next Tuesday.

Mr. PROBE: Mr. Chairman, I presume we are having the air force officers who prepared their portion of this exhibit before us? Has that been agreed upon, as well as representatives of the Solway firm?

The CHAIRMAN: No. We have not as yet agreed on the Solway firm or their representatives.

Mr. PROBE: I just wondered.

The CHAIRMAN: That is a matter for the steering committee to decide.

Mr. McILRAITH: I move that we adjourn.

The CHAIRMAN: Then it is agreed that we meet next Tuesday at 10 o'clock.

The committee adjourned at 1.05 p.m. to meet again on Tuesday, July 30, at 10 a.m.







Gov. Doc  
Can  
Com  
W

CAI XC2  
-461412

(SESSION 1946)

(HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

ON

# WAR EXPENDITURES AND ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 32

TUESDAY, JULY 30, 1946

WITNESSES:

Dr. J. J. Brown, Todmorden, Ontario.

Wing Commander E. G. Mahoney, R.C.A.F. Maintenance Command Headquarters, Uplands, Ontario.

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.P.E.

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1946







## MINUTES OF PROCEEDINGS

TUESDAY, July 30, 1946.

The Special Committee on War Expenditures and Economies met at 10.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Benidickson, Black (*Cumberland*), Bradette, Cleaver, Côté (*Verdun*), Dion (*Lake St. John-Roberval*), Golding, Isnor, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McLure, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*), Winkler.

*In attendance:* Dr. J. J. Brown, Todmorden, Ont.; Wing Commander E. G. Mahoney, Branch Head, Supply Staff, Maintenance Command Headquarters, Uplands, Ont.; Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 R.C.A.F. Equipment Depot, Toronto, and Mr. J. S. Irvin, Assistant to the President, War Assets Corporation.

The Chairman tabled a communication from the Department of National Defence for Air to which was attached answers to questions by Mr. McLure. It was ordered that these be filed with the Clerk of the Committee.

The Chairman also tabled a communication from Mr. R. F. Thompson, Director, Canadian Vocational Training, submitting a statement of Dominion payments through Provinces under different training agreements.

Ordered that this statement be printed in appendix to this day's evidence. (*See Appendix A*).

Mr. Brown was recalled and further examined. He filed:

Exhibit No. 3—26 tags taken from batteries in possession of Solway & Sons.

Witness also produced a 5J22 battery purchased by him from Solway & Sons.

At 11.00 o'clock the Committee rose to enable the members to attend the House for Routine Proceedings.

The Committee resumed at 11.30 a.m. and the examination of Dr. Brown was continued.

Witness filed:

Exhibit No. 4—List of equipment in possession of the witness, containing estimated cost price, and purchased by the witness at a cost of \$900.

Exhibit No. 5—Invoice from Frankell Brothers to J. J. Brown for 2 Aero Motors, dated December 31, 1945.

At 1.00 p.m. witness retired and the Committee adjourned until 3.30 this day.

### AFTERNOON SITTING

The Committee resumed at 3.30 p.m., Mr. Isnor presiding.

*Members present:* Messrs. Benidickson, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Isnor, Marier, Marquis, Murphy, McCullough, (*Assiniboia*), McGregor, Michaud, Probe, Shaw, Stewart (*Winnipeg North*).

*In attendance:* Those named in the morning's proceedings.

Wing Commander Mahoney was called. He made a brief statement and was examined.

In the course of his examination W/C Mahoney produced three batteries used as aircraft equipment.

Witness filed:

Exhibit No. 6—Acceptance of tender from Dept. of Munitions and Supply to Exide Batteries of Canada Ltd., for 5J/27 batteries.

Exhibit No. 7—Photograph illustrating a stock of 5J/22 batteries at No. 1 Equipment Depot.

Exhibit No. 8—Acceptance of Tender from Dept. of Munitions and Supply to Exide Batteries of Canada Ltd., for 5J/22 batteries.

Exhibit No. 9—Acceptance of Tender from Dept. of Munitions and Supply to Exide Batteries of Canada Ltd. for 5J/643 batteries.

Exhibit No. 10—Issue voucher covering shipment of 27 5J/27 batteries from No. 12 Equipment Depot, Montreal, to No. 1 Equipment Depot, Toronto, with endorsement "one case damaged".

At 5.00 p.m. witness retired and the Committee adjourned until to-morrow, Wednesday, July 31, at 10.00 a.m.

R. ARSENAULT,

*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 30, 1946.

The Special Committee on War Expenditures and Economies met this day at 10.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, before calling on the witness, I wish to table reports received from R. F. Thompson, Director of Training, Canadian Vocational Training, Department of Labour. These are the outcome of the last meeting at which Mr. Thompson was here as a witness. I also wish to table replies to information as requested by Mr. McLure. The first will be printed in our minutes. (See Appendix "A"). The others will be filed for reference, in view of the size of the replies.

We shall at once proceed with the witness who appeared before us at our last meeting, namely Mr. J. J. Brown.

### **Dr. J. J. Brown, recalled.**

The CHAIRMAN: Before asking members if they have further questions to place before you, Mr. Brown, do you wish to make any statement with respect to your last evidence or otherwise?

The WITNESS: No, Mr. Chairman, I have nothing special to say.

*By Mr. Marquis:*

Q. I should like to put a few questions to the witness, Mr. Chairman. At the last meeting, Dr. Brown, if I remember correctly, you said that you saw truckloads of new storage batteries unloaded. Would you mind telling the committee if you saw the trucks unloaded? Were you present when the trucks were unloaded on the pile?—A. Yes. I was present on two occasions when trucks were being unloaded, or were in process of being unloaded at Solway & Sons yard.

Q. Do you know what quantity of batteries were in each truck?—A. Mr. Chairman, I have had some time to make calculations now and the battery I have before the committee this morning weighs 55 pounds. At that rate you would have 20 in a 1-ton truck—19 in a 1-ton truck. Is that correct? In a 2-ton truck you would have 40, and so on.

Mr. MURPHY: Just double that, is it not?

*By Mr. Marquis:*

Q. Were they 2-ton or 1-ton trucks?—A. I have not been able to find out what the capacity of the standard truck is. I think it is 2 tons.

Q. Were there tags on each battery on those trucks?—A. There were tags on all the batteries that I saw.

Q. What kind of tags? Would you read what was described on the tag?—A. Yes. I can give you that.

Mr. PROBE: He has them here.

Mr. MARQUIS: He will answer. It is not a catch question.

The CHAIRMAN: Would you ask the witness the date of the unloading of the truck that he referred to?

Mr. MARQUIS: Oh, yes.

The WITNESS: Here is one tag from Solway & Sons. There are two tags stapled together. One says on it—and it is the red tag—"From E.R.S. or A.R.S., R.C.A.F. Section 5J, Reference No. 22. Description Accumulator 12V." There is a large "R" and a large "U" and the R is struck out. "Produce" is written across the card. The card is stamped "A.I.D., No. 40, A.I. Detach. No. 1 Equipment Depot, Toronto." Signed by "B. Phelps, Sgt. August 10, 1945." On the back of the card is written "Produce". Under remarks, "R.V. No. 620; date 27/6/45." Attached to that is R.C.A.F. shipping tag with typewriting on it, "Section 5J, Reference No. 22, Quantity ea. 1, Nomenclature—Accumulators 12V." "Serviceable" and "Unserviceable" are both typed on the card and "Unserviceable" has been stroked out. Then it also bears the stamp, "From: Commanding Officer No. 1 M Depot, Toronto, Ontario."

*By Mr. Marquis:*

Q. Is that tag filed?—A. No, this particular one is not filed yet.

Q. Would you file the tag?—A. Yes, sir.

Q. Will you file the tags in your possession coming from the pile?—A. Yes, I will do that.

Q. File them please. Will you tell the committee on what date those trucks were unloaded.—A. Do you want the exact date?

Q. The first one.—A. Or the month?

Q. We will deal with the first one first.—A. The first one—I will have to look that up in my notes. It will take me a little time to find the exact answer to that question. It was in October, or around October, 1945.

Q. Around October, 1945. I think it will probably be satisfactory for the committee to have the month. And the other one?—A. I will have to look that up and find out whether it was previous to that or after that, that I got this new battery. I have it in my monthly records here. Shall I do that now?

Q. Yes.—A. Mr. Chairman, I have a record of visiting Solways on Wednesday, 19th September, 1945. Whether or not I bought a battery at that time I do not know.

Q. But it was about that time that you say the first truck unloaded on Solways pile of junk?—A. Around September; that is right.

Q. Around September?—A. Yes.

Q. And the next time?—A. Around October.

Q. Around October. It was in the same period?—A. Yes, 1945; September and October.

Q. Will you tell the committee which proportion of batteries were in the wooden cases as you explained at the last sitting?—A. Mr. Chairman, if I remember correctly, at the last meeting I made an estimation of 80 per cent of them.

Q. Eight per cent?—A. Eighty per cent of them were either in wooden cases or had vestiges of cardboard cartons around them. Some of them may have been partly ripped off. That is an estimate. You understand I cannot give an exact count.

Q. Can you tell the committee what proportion of wooden cases were on that stock?

Mr. PROBE: As opposed to cardboard?

Mr. MARQUIS: No. He said some were in wooden cases and some in cardboard.

Mr. MCGREGOR: Mr. Chairman, we have not got the reports of the last meeting, have we?

The CHAIRMAN: No, unfortunately not, Mr. Mr. McGregor. I did enquire in the hope that we might have them for this morning's meeting, but the Printing Bureau was unable to deliver them.

Mr. MCGREGOR: Just on this point, you and I suppose the hon. gentleman who is doing the questioning . . .

The CHAIRMAN: I am not doing any questioning.

Mr. MCGREGOR: No, but the hon. gentleman here is. You probably know exactly what the answers were in those copies. The rest of us do not.

The CHAIRMAN: I can only trust to memory, speaking for myself, although I have the evidence before me at the moment; but I went to the clerk's office this morning and enquired as to whether he would have it.

Mr. MCGREGOR: That is what I thought. Once again, Mr. Chairman, I say it is very unfair to this committee to ask a committee to sit here and hear a witness cross-questioned on evidence that was given last week when that evidence could not be laid before each one of this committee.

Mr. MARQUIS: Mr. Chairman, I did not refer to a particular statement of the witness. I am only referring to facts. I am only asking the witness what is the proportion of wooden cases and of cardboard cases. I am not referring to a particular statement he made, and I will do my best to refer only to a few facts.

Mr. SHAW: Mr. Chairman, I should like to remind you that the evidence taken before a committee on Friday was available yesterday; yet with our committee sitting on Thursday, our evidence is not yet available.

The CHAIRMAN: Thank you, Mr. Shaw. No doubt you refer to the Committee on Industrial Relations?

Mr. SHAW: That is right.

The CHAIRMAN: That has priority and we received that notice in writing.

Mr. SHAW: I see.

The WITNESS: Mr. Chairman, I find it very difficult to answer that question, how many wooden cases there were and how many cardboard cases, or rather what proportion there were of the two types, because I did not take special note of that at the time and I do not think I can give you an estimate.

*By Mr. Marquis:*

Q. Can we assume that there were as many wooden cases as there were cardboard cases?

Mr. STEWART: The witness has said he cannot give an answer. Why should he be asked to assume?

Mr. MARQUIS: Let the witness answer for himself, please.

The WITNESS: I could assume various things about it, but I tell you frankly I do not know.

*By Mr. Marquis:*

Q. You do not know. Did you personally see somebody mutilate some batteries?—A. No, I did not.

Q. If I remember well, in your articles and your testimony you said sometime that there were about 2,000 batteries?—A. Yes.

Q. In the stock. Do you maintain that statement as to the number of batteries?—A. Yes, I do.

Q. You said, too, if I remember well, that the large batteries were worth \$80 each?—A. Yes.

Q. This is the valuation of one battery, one large aircraft battery?—A. It is the valuation of this battery that I have on exhibit this morning.

Q. What kind of battery is this? Will you describe it for the committee?—A. That is an Exide, 12 volt, aircraft battery, 40 ampere, with the protective covering which protects the terminals and the filler plugs. Here is the filler cap



knocked in. You can see where the hammer blow was given. This is the cover which keeps accidental damage of that kind from happening. These are the spring clamps which hold the cover on and make certain that the cover cannot come off without it being taken off.

Q. Is this an old battery?—A. This is a brand new battery.

Q. It is a brand new battery?—A. Yes.

Q. Did you get that battery from the stock of Solway & Sons?—A. Yes. This came from Solway & Sons pile of batteries.

Q. Will you file that battery?—A. I can get it back, can I not, Mr. Chairman?

MR. SHAW: Mr. Chairman, just to keep this perfectly clear, with Mr. Marquis's permission I should like to ask a question.

MR. MARQUIS: Surely.

*By Mr. Shaw:*

Q. Has the witness any evidence to the effect that he purchased that battery from Solway & Sons?—A. Mr. Chairman, I have no receipt for it. I have only the kind of evidence that would be called circumstantial; that is, people in authority in the R.C.A.F. have admitted that certain batteries of certain types were sent to Solway & Sons as junk. I have the cards which were on those batteries, and this particular battery I have got can be identified as one of those, one of the type which was sent out by the air force.

*By Mr. Murphy:*

Q. Just to follow that through, have you the identification card attached to the battery?—A. Well, there is a difficulty. I have perhaps 20 cards, or 26 cards I believe, altogether off R.C.A.F. storage batteries. As I say, I did not know I was going to appear before this committee and I did not know what type of questions they would ask or what sort of thing they would be interested in. Therefore when I got the cards I put them all together in one box.

*By Mr. Marquis:*

Q. You have the cards here?—A. I have the cards here.

Q. I will ask you to file all those cards. You will file those?—A. Yes, I will file all the cards.

Q. And we will have them before the committee. Did you say that the card to which you referred a few moments ago, if I remember well, is 5J. —A. 5J 22.

Q. Is that the particular card that is connected with that battery you have exhibited before the committee?—A. I have a card saying 5J 22, if this is a 5J 22 battery. This one seems to be 5J 1391.

Q. But was the card attached to this battery, the card 5J 22? Was that card attached to the battery you have just shown before the committee?—A. A card was attached to this battery. Other cards were attached to many other batteries. I put the cards all together in one box so I could refer to them easily.

MR. CLEAVER: Take the time now and sort out the right card.

THE WITNESS: All right.

*By Mr. Shaw:*

Q. Would the witness assert that one of the 26 cards was attached to that battery?—A. Yes, definitely.

Q. You would make that as a definite assertion?—A. Yes.

MR. CLEAVER: Let him sort out the cards.

MR. SHAW: He says it was one of them.

The CHAIRMAN: Order, gentlemen, please.

*By Mr. Marquis:*

Q. Mr. Chairman, will the witness tell the committee if there was a card attached to that particular battery?—A. Yes, there was a red card which was stapled to a blue oxide card, which were wired to one of these handles.

Q. This was the only battery you had in your hands?—A. That is the only battery.

Q. In your possession?—A. That I got from Solway & Sons at that time.

Q. Yes. And you did not keep a record of the tag which was attached to the battery you had in your own possession? You are not sure if it is the card which was attached to this particular battery?—A. I can only repeat that I have 26 cards and one of the 26 is the one that came off this battery.

Q. Yes. But when you received the batteries there were 26 tags attached to those batteries. There was only one tag attached to this one?—A. That is right.

Mr. SHAW: Where did he get the other 25?

Mr. MARQUIS: Pardon me.

The WITNESS: Yes, that is right.

*By Mr. Marquis:*

Q. You did not keep that tag, or a record of the special tag attached to the battery? You did not keep a record of that? You are not sure if it is the particular tag which was attached to the battery?—A. I am sure, but whether or not I can convince the committee is another matter.

Mr. McCULLOUGH: Mr. Chairman, in view of the fact that, as a matter of courtesy, we have extended the privilege to other witnesses, I think we should ask the witness to keep his seat.

The CHAIRMAN: Yes.

Mr. MARQUIS: Will you have the same courtesy for me?

Mr. PROBE: You are standing up so you will not lose your place.

*By Mr. Côté:*

Q. If I may, I should like to ask a question here. In referring to the 26 tags which you have in hand, did you say you could identify the one which was attached to that particular battery?—A. I could not identify it positively; that is, I could not say a certain tag came off this particular battery.

Mr. CÔTÉ: Mr. Marquis has asked you to file those tags. Perhaps you could give him time to file them right away with the clerk of the committee, Mr. Marquis.

Mr. PROBE: Let him do it at the end. We all want to ask some questions here.

Mr. CÔTÉ: This is a matter of procedure and Mr. Marquis has asked him to file the cards and they are not filed yet. Before he goes to some other point these should be filed.

Mr. PROBE: They can be filed at 11 o'clock.

Mr. CÔTÉ: That would be out of order. They have to be filed during the meeting.

Mr. PROBE: We have questions the answers to which have been filed months later.

*By Mr. Marquis:*

Q. May I ask the witness if he has all those tags in the book here?—A. Yes.

Q. You have the tags there?—A. Yes.

Q. You have only to file them before the committee right now.—A. Oh, yes; but I have many other things in the book, Mr. Chairman, that I want to keep.

Q. May I ask, Dr. Brown, if you had a quarrel with War Assets officials about your inability to obtain material from them?—A. Mr. Chairman, I have no particular quarrel with them. I have just been unable to do business with them.

Mr. PROBE: Many others are in the same position.

*By Mr. Marquis:*

Q. It is very pleasant for me to put questions here. Did you have any resentment against some officials because you could not obtain any material from them due to established procedure in the matter?—A. You were asking me whether I got mad about this?

Q. Mad or discontented, not satisfied.—A. Well, as a taxpayer when I made out a cheque for several hundred dollars I did not like it because it seemed to me that money was buying things at good prices and the stuff was going into junk yards.

Q. Dr. Brown, were you aware at the time that the procedure was established that there was to be a system of priorities, that material was to be sold to the federal government, provincial governments, municipalities, public bodies, and so on?—A. Yes, I knew that.

Mr. PROBE: And junk dealers.

*By Mr. Marquis:*

Q. If I remember correctly you said at the last meeting that you did not know the contract which had passed between War Assets Corporation and Solway and Sons?—A. That is right.

Q. You are admitting you never saw the contract?—A. That is right.

Q. Did you see it a few days ago?—A. No, I have never seen such a contract.

Q. You have never seen such a contract between the federal government and Solway and Sons?—A. That is right, I have never seen it.

Q. You said a few minutes ago that the valuation of a new battery, if I understood you, is \$80?—A. Yes.

Q. Could you tell the committee as to your own estimate as to the value of an old battery that you found in the pile there?—A. Do you mean that one?

Q. That one.—A. \$80

Q. That one is worth \$80. Did you see other batteries which were broken? Tell the committee what was the value of a broken battery, one whose cap was broken?—A. \$79.50.

Q. How can you make that valuation; on what grounds do you base your affirmation?—A. Well, I have a need for this battery. That is why I bought it in the first place, and I had my choice then of going to a junkyard to get the battery or going to a regular retail supplier and paying the price asked for it.

Q. When you bought the battery was the truck unloading on the pile?—A. Yes, I bought it from the man who ran the truck.

Q. Who?—A. I bought it from the man who was operating the red truck.

Q. Would you tell the committee what kind of car you have?—A. I have a 1936 Dodge and a 1932 Plymouth convertible.

Q. To which car did you affix that battery?—A. This battery has never been in a car.

Q. Did you not say you had affixed a battery in your car?—A. Yes, that battery is at home. I have six R.C.A.F. batteries in my possession.

Q. Did you affix a battery of that kind to one of your cars?—A. Yes.

Q. On which car?—A. On the Plymouth.

Q. Which year?—A. 1932.

Q. Is it a regular Plymouth, four doors?—A. No, it is a convertible.



Q. Where did you put the battery?—A. I hung it up on the struts over the engine, the struts which run from the fire wall to the radiator.

Q. Did you put the battery in the same place that the other battery was before?—A. No. I put it where they put batteries on modern cars.

Q. You say that the battery you put in your car is an aircraft battery?—A. It is exactly this battery.

Q. A battery of the same size?—A. Same size and type, and so on.

Q. And the same type as this one?—A. That is right.

Q. Is the battery that you have put in your car one that came from Solway and Sons?—A. No; it came from Industrial Iron and Machinery.

Q. At what time did you buy the battery?—A. Well, I bought it eight months ago, anyway.

Q. Do you say that this battery comes from the R.C.A.F.?—A. Yes, it had an R.C.A.F. card on it.

Q. And you bought it where?—A. Industrial Iron and Machinery, Dufferin street, Toronto.

Q. The batteries that you saw in the pile were batteries with bakelite covers?—A. This—there is the bakelite cover, the protective cover.

Q. And you say that this bakelite cover had been removed and that the filler had been broken with a hammer?—A. Yes, this is on the pile I saw at Solway and Sons.

Q. I am referring to Solway and Sons batteries especially. You maintain that this cover had been removed and that the filler caps had been broken with a hammer?—A. And this cover replaced.

Q. Is that right?—A. Yes.

Q. And that there were about 2,000 batteries of that type which had been mutilated in the same manner?—A. There were 2,000 batteries in that pile, 6 volt, 120 ampere hour, 2 volt low capacity batteries, 12 volt aircraft batteries like this, smaller 12 volt aircraft batteries, 24 volt aircraft batteries, and so on.

Q. And they had been mutilated in the same manner?—A. All those I could see on the top of the pile had been mutilated in that way.

Q. The batteries had bakelite covers and the covers had been removed, the filler caps broken with a hammer and the bakelite covers replaced afterwards?—A. Presumably the cover had been replaced after on all of them, but when you throw a battery like that which weighs over 50 pounds these two spring clips which hold this bakelite cover in place tend to fly apart and then the cover comes off.

Q. And some covers were removed?—A. Some covers were lying around.

Q. Due to the fact they had been thrown down on the pile?—A. That is right.

Q. And the same process had been used for those batteries coming from No. 1 depot?—A. Four of the five batches of batteries came from No. 1 equipment depot.

Q. And they were batteries of the type to which you have just referred?—A. Yes.

Q. How much did you pay for that battery?—A. \$5.

Mr. McLURE: Cheap enough.

The WITNESS: A bargain.

*By Mr. Cote:*

Q. In line with the questions put by Mr. Marquis a few moments ago I should like the witness to give us some idea of the amount of work that he had to put in to convert this type of battery for the use of his private car, the 1932 Plymouth.—A. I took a hacksaw and sawed through this middle terminal right here. I took a pair of plyers and opened them up a bit so there was no

contact and then ran battery clips with wires attached to it—that is a wire with a battery clip attached to each end—from this terminal to this terminal. That is negative to negative, plus to plus, the two of them. Then I had in effect instead of a 12 volt, 40 ampere hour battery a 6 volt, 80 ampere hour battery.

*By Mr. Reid:*

Q. Was that battery inside a wooden case?—A. Yes, it was.

Q. Inside a wooden case?—A. Yes.

Q. May I ask where it was damaged?—A. Right here. There is the filler cap. There is a little rod that goes on there.

Q. Had the wooden case been opened?—A. The wooden case had no cover on it.

*By Mr. Marquis:*

Q. This one was in a wooden case?—A. This one was in a wooden case.

*By Mr. Cote:*

Q. What amount of work did you have to put in to make that reconversion complete?—A. On the battery I had in my car that is all I did. I merely cut the terminal.

Q. How long did it require for that work?—A. Oh, five minutes, and I suppose it took me another five minutes to wire it into the car.

Mr. MARQUIS: You would have converted the whole pile in two days.

The CHAIRMAN: Would you allow Mr. Cote to proceed?

*By Mr. Cote:*

Q. Would you figure that this reconverted battery would give you the same use as an ordinary battery specially designed for the type of car you have?—A. I should think it would give me much better service than the ordinary automobile battery.

Q. You would figure that this new reconverted battery would have to be recharged now and then?—A. Well, the automobile generator recharges it automatically.

Q. I mean the particular aircraft battery which you have reconverted to the use of your car?—A. I am afraid I do not understand the question. The automobile generator charges the battery as you drive along.

Q. But as this battery is being used I would figure that it would depreciate and would have to be recharged sooner or later?—A. The only reason you have to take your automobile battery to a garage to have it recharged is that you have neglected it. You have forgotten to put water in or something like that.

Q. Do you figure you would have the same facilities in the open market for recharging your battery?—A. Yes, there would be no difficulty whatsoever in recharging. The battery as converted becomes a 6 volt, 80 ampere hour battery.

Q. What is the cost to you of this battery that you have reconverted for the use of your car? I mean the cost price plus the materials that you may have added to it, and so forth?—A. I think I paid \$1 for that Industrial Iron and Machinery battery, and I may have paid a couple of cents for the hookup wire I used, R.C.A.F. battery cable.

Q. You said that the actual value of this battery is more than the ordinary battery which is being used in a car of the same type as the one you have?—A. Yes, I think so.

Q. Now, what about the five other batteries you have in your possession? How much did you pay for each of those five?—A. It is difficult to give an exact answer as to how much I paid for a given item. The method of dealing with a junk dealer is to get a box which seems to contain little but does

contain a lot, and then you negotiate the price. He has an asking price, and you have a giving price and you work around that, and the price comes out at maybe \$2 for the box or maybe \$5. It just depends.

Q. Do you figure these other five batteries could be as easily converted to the use of a motor vehicle?—A. Yes. Three of the batteries are automobile or truck batteries, that is, they are the conventional 6-volt battery. I believe they are 120 ampere hour. They are quite high power batteries.

Q. Can you say where you got those three?—A. I could say where I got one of them. It came from Industrial Iron and Machinery.

Q. Did you get any of those three from Solway?—A. I do not think I got any automobile batteries from Solway, but I am not sure of that. It is some time ago now. I bought a lot of stuff.

Q. How long ago did you purchase these five other batteries?—A. I should say the first one was bought as much as a year ago, last summer, and then I bought them maybe one at a time, and the most recent one was bought only about three months ago.

Q. At the time of the publication of your write-up in the *Winnipeg Free Press* how many of them did you have in your possession?—A. At the time of the first article I had five of them.

Mr. BENIDICKSON: At the time of writing or publication?

*By Mr. Cote:*

Q. I mean publication of the write-up?—A. That was March 14. I believe I had five of them at that time.

Q. At what time did you negotiate the publication of your article with the *Winnipeg Free Press*?—A. I can give you the exact date of that. On November 11, 1945, I sent a letter to Mr. Ferguson, then editor of the *Winnipeg Free Press*, telling him of certain things I knew and outlining to him a plan for bringing these matters before the public.

Q. Did you have a response from the *Winnipeg Free Press*?

Mr. CLEAVER: I wonder if that letter should be marked as an exhibit.

The WITNESS: I have had other correspondence with the *Free Press* and with other papers.

Mr. COTE: Mr. Chairman, Mr. Cleaver has brought up a point there. I know it is a matter of procedure in the committee that any correspondence referred to should be tabled. I have no objection if Mr. Cleaver wishes to pursue his point on that matter.

The CHAIRMAN: What is the point, Mr. Cleaver?

Mr. CLEAVER: I think the letter to which the witness has referred should be marked as an exhibit to our proceedings.

The CHAIRMAN: The one to Mr. Ferguson outlining a plan as to how this should be placed before the public. Is it the wish of the committee that this letter shall be read?

Mr. MURPHY: Is the witness going to read the letter?

*By Mr. Probe:*

Q. Does the letter contain anything personal?—A. This letter to which I referred in other correspondence I have had in regard to this matter contains information of a type which has nothing whatsoever to do with the articles on which I am being examined to-day. If it is a vital matter that this correspondence be tabled and made public I think probably I can do it, but if it is not vital I would sooner not.

Mr. MARQUIS: I suggest that if the whole correspondence is not produced we cannot ask the witness to produce part of it. If he produces one letter of



his choice we will not have a balanced correspondence. If it is impossible to have the whole correspondence produced and put on the record I think we should not ask the witness to produce any correspondence at all.

MR. SHAW: May I ask again to whom this letter is written and by whom?

THE WITNESS: I wrote the letter to Mr. G. B. Ferguson, editor of the *Winnipeg Free Press*.

MR. SHAW: I suggest we should not insist upon that letter being tabled.

MR. REID: Under what name did the witness send the letter?

THE WITNESS: This first letter was signed by Boris Sherashevski.

MR. REID: It is rather confusing.

MR. COTE: On the other hand, we all recognize that it is the publication of that article in the *Winnipeg Free Press* that brought about this inquiry we are conducting to-day. Now, the filing of that letter will decide a lot of questions under the circumstances in the nature of the dealings with the *Winnipeg Free Press*. We are entitled to look into this matter and I for one would suggest that the letter be tabled.

MR. STEWART: I do not think that this committee has any right to ask any witness to table a letter which contains information which is not at all relevant to the proceedings of this committee. The witness has told us that there is information in that letter which may, for all I know, be of a confidential nature, and I think we should have some respect for the witness in this matter. After all, we accept his word that he has written the letter and that Mr. Ferguson answered it. We are discussing the article which appeared in the *Winnipeg Free Press* and the evidence bearing on that article.

MR. MARQUIS: Mr. Chairman, if the witness states that this letter is of a confidential nature, I share the views of Mr. Stewart; but the witness has to state whether it is confidential and privileged. I would not dare to ask for the production of any document if he states it is confidential; but if he cannot state it is confidential I would insist that the letter and all the letters be produced.

*By Mr. Cote:*

Q. Do you have any objection, Dr. Brown, to the filing of that letter to Mr. Ferguson of the *Winnipeg Free Press*?—A. Yes, I do.

Q. Would you have any objection to reading to the committee the portion of that letter which specifically refers to the matter which is now under consideration?—A. No, I will be glad to do it.

MR. SHAW: On a point of order, only with a clear-cut understanding that it is not going to be said after he reads part of the letter that the whole letter must be tabled. I have seen that done in the House, and I hope the committee will not take that stand.

MR. CLEAVER: Mr. Chairman, the witness referred to this letter when giving evidence. As a result of that reference this committee has a right to the tabling of the letter, there is no doubt about it. I would suggest that the chairman reserve his ruling on this point and go on with the examination.

MR. SHAW: Did he read from the letter?

MR. CLEAVER: He referred to it.

MR. SHAW: He referred to it, but he did not read from it. That makes all the difference in the world.

MR. GOLDING: The rules provide for that situation. We can get a ruling on the matter.

MR. COTE: I am in your hands, Mr. Chairman. I am very interested in at least a portion of that letter which refers to this particular publication in the *Winnipeg Free Press*.

Mr. STEWART: I do not think the witness should be asked to read any part of that letter in case, as Mr. Shaw says, the committee afterwards insists that he table the whole letter. I think it should be clearly understood, before he reads the letter, exactly what his position is; otherwise, we are being unfair to the witness.

Mr. CLEAVER: Why not simply have the matter referred to the steering committee and the chairman can make his decision later?

Mr. SHAW: If he now reads from the letter he may be obliged to table it. I suggest that he be not called upon to read from it at the present time.

Mr. MARQUIS: Mr. Chairman, I suggest that the witness should not be called upon to read part of the letter. If the letter is to be tabled it must be tabled as a whole. If the witness says that this letter is confidential I respectfully submit that we should not insist upon having it produced.

The CHAIRMAN: Gentlemen, in reference to this letter I may say that I was interested in it because I made a particular note at the time. I wrote down on my pad: "Letter to Ferguson dealing with plans outlined; bring this to attention of the public." I intended to pursue it. I have looked over the letter which the witness was good enough to allow me to see, and I think that for the time being we should not press to have this placed on the record. If later you wish to refer it to the steering committee for consideration and perhaps to question my decision on the matter, that is in order.

Mr. BLACK: I for one prefer to accept your ruling. I agree with the view expressed by Mr. Stewart. I think we should treat this witness with decency and I think that is the wish of all the members. I am not sure this is being done during some of this cross-examination.

The CHAIRMAN: Now, Mr. Black, when I gave the ruling I did not take into consideration the question of decency. When I see that point in jeopardy I shall certainly bring the attention of the questioner to that fact. I think I have outlined my position on more than one occasion when I have given a decision. Speakers sometimes get in trouble in giving decisions, but at the risk of getting into trouble I am taking this position. I have on more than one occasion questioned as to whether it is wise for private concerns catering or quoting a price to place that price in evidence before the public. For the time being I feel it is not fair to ask the witness to place this letter on file in full, in view of other information.

Mr. CLEAVER: He is negotiating for a deal.

*By Mr. Cote:*

Q. I am satisfied with the ruling.—A. May I say one thing. It is not only the fact that I have some personal interest in this letter but also various other people in different parts of Canada have an interest in this letter and I think their interests should be considered by the committee.

The CHAIRMAN: I have that in mind, because I noted your remarks at the top of the letter.

*By Mr. Cote:*

Q. Now, the next point I would like to take up with you is that particular battery which you refer to in the memorandum prepared by Wing Commander Mahoney, page 834 of the minutes of proceedings of this committee, paragraph 6. Wing Commander Mahoney says:—

Dr. Brown could not immediately locate the R.C.A.F. tag for the battery in his possession, but later by telephone gave me the following particulars, stating to the best of his knowledge this tag was affixed to his battery:

Accumulator, Ref 5J/27, marked "Produce" by B. Phelps Sgt. (AID at 1 ED) dated 2 Aug 45. On the reverse side is shown 12 ED Issue Voucher No. 12026 dated 25 July 45.

That has reference to one of the batteries that you actually have in your possession?—A. That has reference to this battery on the table here.

Q. Now, did I understand you to say that the mutilation which you have seen on that particular battery is identical with the mutilation of all the other batteries which you have seen at Solways?—A. It is identical.\* The type of mutilation on this battery is identical with the mutilation of all the batteries that I could see on the top of that pile, which are of this aircraft type.

Q. Would you care to guess the approximate number of batteries which you could see on the top of that pile?—A. Mr. Chairman, I guessed that last day.

The CHAIRMAN: Guess it again.

The WITNESS: I think my guess last day was either 160 or 180, I think, something like that.

*By Mr. Cote:*

Q. And you definitely state from what you could see that these 160 or 180 batteries were mutilated in the very same way as this one which you have produced to-day?—A. Exactly the same.

Q. Could you check up whether that number of batteries had any acid in them?—A. The method I use for checking that particular item was simply that they bore blue cards, an example of which I filed, and the blue cards give directions on how to put unfilled batteries into service. If the batteries had been filled there would be no reason for having the blue cards attached.

Q. So that in your opinion these batteries were not filled at that time?—A. They had never been filled.

Q. And they had never been filled?—A. That is right.

*By Mr. Shaw:*

Q. May I ask if this battery ever had acid in it?—A. No. Mr. Chairman, may I say one more thing? I have never been in the battery manufacturing business and I do not know whether they have test runs on individual units of batteries or whether they do batch testing—that is whether they take out ten items of a given batch and test them. Depending on what method is used for testing batteries at the Exide factory this battery may have had acid in the factory and been emptied and flushed and dried and shipped or it may have been put together and never had battery acid in it at all.

*By Mr. Cote:*

Q. In the course of the handling of these batteries up to the final point of their destination at Solway's, is it your opinion that they never had any acid in them?—A. It is my opinion that there was never any acid in these batteries.

Q. Throughout the handling period of them?—A. That is right.

Q. Now, what about this particular battery referred to in the memorandum of Wing Commander Mahoney, paragraph 6, where you stated that the market value to-day was \$80?—A. Yes.

Q. May the committee take your word for the value of that? Have you inquired casually I mean, do you know anything about batteries?—A. Well, I subscribe to aircraft magazines. I am interested in aviation. I subscribe to aircraft magazines such as *Trade-a-Plane*, *Sell-a-Plane News*, *Canadian Aviation*, *Private Flying*, and such magazines as that. You have people trying to sell this material and you can see what price the retail dealers are asking for such batteries.



Mr. SHAW: Possibly we should have this clear. You are saying that for the actual purchase of the battery he would pay \$80; you are not saying that the Royal Canadian Air Force or the purchasing agent paid that amount.

*By Mr. Cote:*

Q. I am referring to the market value, the retail value.

Mr. MICHAUD: Retail price?

Mr. COTE: Yes.

*By Mr. Cote:*

Q. Now, on another point, Dr. Brown, you stated that you were living in Toronto?—A. Yes, five miles north of the city limits of Toronto.

Q. Would you care to give your exact address to the committee?—A. Rural Route No. 1, Todmorden.

Q. Is there any way of locating you through the ordinary channels such as telephone directories or city directories or something like that?—A. I am in the telephone book.

Q. Which telephone book?—A. Toronto.

Q. Are you living in your own house?—A. I rent a house.

Q. You said you have a large basement there?—A. Yes.

Q. That is where all your things purchased from War Assets directly or indirectly are located?—A. In the garage and in the basement.

(The committee took recess at 11 o'clock.)

The committee resumed at 11.30 a.m.

The CHAIRMAN: Gentlemen, we will bring the meeting to order. Mr. Murphy, have you something to say?

Mr. MURPHY: Just as I said a moment ago, many of us would like to be in the House—that is true enough—but at the same time there is a responsibility on us to get as much of this done as possible. We are bringing these witnesses here from long distances. I would submit that in all fairness to them as well as to the members of the committee we should get as much done as possible. I should like to see some recommendation from yourself—and I think it would be agreeable to members of the committee—that we sit this afternoon, maybe Wednesday at any time that is convenient, and again on Thursday, with maybe two meetings.

Mr. MARQUIS: Mr. Chairman, I suggest in the same way as Mr. Murphy, that we finish with the matter as soon as we can. If we have to sit tomorrow or Thursday, let us sit and finish with this matter of batteries; because there will be some other matters that will be desired to be dealt with.

Mr. COTE: Mr. Chairman, on this point, did the committee request authority from the House to sit while the House is sitting?

The CHAIRMAN: Yes. We have that, Mr. Cote. Gentlemen, suppose we deal with it in this way for the time being. We will meet this afternoon at 3.30, and tomorrow, Wednesday.

Mr. STEWART: May I ask where, Mr. Chairman? I believe this room is taken at 4 o'clock by the Banking and Commerce Committee.

The CHAIRMAN: We will meet this afternoon in room 497 at 3.30; tomorrow at 10 o'clock and at 11.30 and then the chairman will announce as to whether it is necessary to meet in the afternoon or Thursday. We will now proceed with the business of the meeting.

**Dr. J. J. Brown, recalled.**

*By Mr. Cote:*

Q. I have one question, Mr. Chairman, arising from the information given by the witness prior to the recess. Under what name, Dr. Brown, are you registered in the Toronto telephone book?—A. Brown.

Q. How long have you been registered as such?—A. Since January, 1944, when I first came to that district.

Q. One last question. Referring to the battery which you have produced this morning, would you tell us whether that battery was in its shipping container at the time that you bought it?—A. Yes. This battery was in its wooden shipping container.

Q. It was in a wooden container?—A. Yes, a crate.

Q. That is all.

Mr. COTE: Now, Mr. Chairman, if I may be allowed to do so. I should like to make a suggestion, although I do not know if it will meet with the agreement of the committee. I would suggest that we keep Dr. Brown in attendance, of course, to be recalled a little later; but I think it would be very interesting for the committee to have Wing Commander Mahoney appear at this time to answer a few questions arising from the information which Dr. Brown has given us as completely as he could. I think it would be appropriate to have Wing Commander Mahoney appear at this time and to have Dr. Brown stay in attendance to be recalled a little later. I think in this way we will make more progress.

Mr. MURPHY: Mr. Chairman, with all due respect to the hon. member, there are some questions I should like to ask Dr. Brown before we bring on another witness. With your permission I should like to go ahead now.

The CHAIRMAN: Yes. I may say, Mr. Cote, that I think in fairness to other members of the committee, they should be allowed to ask questions.

Mr. COTE: Of course; I want to be fair to the other members. I am just making the suggestion, of course, for what it is worth, but leaving it of course to the members to recall Dr. Brown at any stage.

Mr. MURPHY: I think, Mr. Chairman, after the members of the committee are through examining the witness in chief, then maybe we could have Wing Commander Mahoney appear, reserving this witness's right to give rebuttal evidence.

Mr. COTE: I want to make it quite clear, Mr. Chairman, that I do not suggest that we conclude the examination of Dr. Brown at this stage. I understand that members may have a lot of questions to put to Dr. Brown, but I thought it might be possible at this time to have Wing Commander Mahoney appear for a little while and then be followed again by Dr. Brown.

Mr. MICHAUD: Let us go on.

*By Mr. Murphy:*

Q. Dr. Brown, for the satisfaction of the committee, I should like you to complete your review of the statement on pages 834 and 835. I do not think you completed that. Have you anything else to say in respect to any different paragraphs in that statement?—A. Mr. Chairman, I was about three-quarters through my comments on the matter on pages 834 through 838. I have only two more things to say. On page 837 at the bottom of the page, the R.C.A.F. version, we find, "The R.C.A.F. is equally certain all these batteries were not new." In answer to that, I have here a piece of evidence that proves at least one was new. They say further, "Further, the R.C.A.F. maintains no batteries were mutilated to qualify them as scrap." This piece of evidence I have sub-

mitted to the committee this morning shows, I think, that any fair minded man, looking at it, will see that the cover makes it impossible that such damage could take place by accident. These covers are held on by strong spring clasps and they would have to be taken off before the end filler cap could be smashed in.

*By Mr. Cleaver:*

Q. Yes, but how would you get that cover off while it was still in a wooden box?—A. As I have said, that box had no cover on. It is quite possible that while you have a crate, a wooden crate—

Q. Yes, a tight fitting wooden crate.—A. Yes; it is quite possible to move this out like that and take the cover off.

Q. Without breaking the crate?—A. Yes, quite possible.

Q. That is just nonsense.—A. Thank you.

Mr. STEWART: The witness ought to know. He has done it.

*By Mr. McGregor:*

Q. I should like to ask one question about this particular battery. The end cap is broken?—A. Yes.

Q. Was there anything else than the end cap broken, or did you see anything else? Which particular cap was broken on this one?—A. The end cap was the cap that was broken on all the batteries that were readily visible on top of the pile.

Q. The end cap?—A. This particular end cap.

*By Mr. Cleaver:*

Q. And the cover was on that battery and on none of the others, I take it?—A. The cover was on this and on a good many of the others.

Q. Then how do you know what was underneath the cover?—A. As I have explained.

The CHAIRMAN: Mr. Cleaver, you are next.

Mr. CLEAVER: All right. I am sorry, Mr. Chairman.

The CHAIRMAN: Mr. Murphy has the floor.

Mr. MURPHY: I have lots of patience.

The WITNESS: May I answer that question?

Mr. MURPHY: Yes.

The WITNESS: As I have it on the minutes, I have explained to the committee before that the covers, these bakelite covers, could and did fall off when the batteries were thrown onto the pile, so that many of these batteries, the tops of them, were readily visible; and on those tops you could see that the end filler caps were invariably the ones that were broken in. That, as I said before, is what first attracted my attention to this pile, the fact that all the end filler caps that I could see in the pile were smashed in.

*By Mr. Murphy:*

Q. Dr. Brown, it is quite easy for anyone to have taken a battery out of the box before it was declared surplus and have damaged it in that condition?—A. Yes. You would not even need, I maintain—having been there and seen the batteries in their crates,—to remove them from the wooden crates to do this damage.

Q. All you need to do is take the top of the crate off?—A. Yes. You would have to bring this back about there and take the cover off.

Q. That is a very important point, that statement you made a moment ago, that so many of the batteries you saw were damaged in the same way.—A. Yes. That is what first drew my attention to the pile.

Mr. STEWART: I would say, from your evidence, that it is not you who are talking nonsense.



Mr. PROBE: That is right. Mr. Cleaver should withdraw that.

Mr. CLEAVER: You had better have one of the boxes there and see if it is open.

*By Mr. McGregor:*

Q. I want this clear, that there is actually no wood placed over the top of the crate, there is nothing with the exception of the bakelite top. The wooden crate was merely around the sides of the battery?—A. That is true.

Mr. CLEAVER: And it was a tight fitting wooden crate.

The CHAIRMAN: Order, gentlemen. There are one, two, three—

Mr. CLEAVER: The others can do it, Mr. Chairman. Two or three other members intervened. Either enforce the rule on all or not at all. Treat us all alike.

The CHAIRMAN: I will endeavour to do that.

Mr. MURPHY: I will take care of this end of the room and you take care of that end down there, Mr. Chairman.

The WITNESS: May I go on?

The CHAIRMAN: Mr. Murphy has the floor.

Mr. MURPHY: Yes, go right ahead.

The WITNESS: The air force version again at the bottom of page 837 reads:—

R.C.A.F. procedure necessitates accounting documents certified by competent technical personnel when writing down equipment from serviceable to repairable or from repairable to unserviceable to protect the public from such occurrences.

I can only say in answer to that that the minutes of this committee—take for instance the information given about Penhold—I think amply shows that such procedure was not taken.

Mr. MARQUIS: On a question of order, Mr. Chairman, I do not think that the witness can discuss the matter of procedure or give an opinion on what has happened in the committee. He is referring to the Penhold matter. We are dealing now with batteries. It is not the same matter. The witness is now giving his opinion on another question, and I think it is out of order.

Mr. STEWART: I agree with that. But if we are dealing with batteries, what has the witness' telephone number got to do with batteries?

Mr. MARQUIS: That has something to do with the man.

Mr. MURPHY: Mr. Chairman, I wish these other members of the committee would have a little bit of respect for an Irishman, if not for themselves.

Some Hon. MEMBERS: Hear, hear.

*By Mr. Murphy:*

Q. Will you carry on?—A. One more point—

Q. The other members will have lots of opportunity to examine the witness later.—A. One more point and I have done. It is on page 835—

Q. Just before you finish, the statement you just made was simply refuting the air force statement?—A. Yes, that is right. This is the last one.

*By Mr. Stewart:*

Q. What page is that?—A. Page 835. The one I am going to talk about now is paragraph 9 on page 835 where we find: "In view of the foregoing"—that is, the other matters that I have discussed. The air force says, "In view of the foregoing, I am still of the opinion that the press article was highly exaggerated and that Dr. Brown cannot support the allegation that 2,000

batteries were mutilated by 1 E.D. and that his article was misleading." I submit, gentlemen, that my article was not misleading. I maintain that I have given factual evidence in the form of the actual batteries, the actual R.C.A.F. produce cards which I have submitted as evidence; and with that kind of evidence before you I submit that the article I wrote for the *Winnipeg Free Press* is well substantiated.

*By Mr. Murphy:*

Q. You also said, Dr. Brown, that you have several tons of this equipment in your basement or in your yard, and you are willing for this committee to go and see it?—A. I am very anxious to have a deputation of the committee come and see what I have.

MR. MURPHY: Just at this point, Mr. Chairman, may I say that I think a delegation from this committee should see the evidence that Dr. Brown has in his yard or in his basement. I think that is something that should be taken under consideration by the steering committee. I think it is quite important that that be done.

*By Mr. Murphy:*

Q. Now Dr. Brown, you referred this morning, I think, and also in your article in *Maclean's* magazine, to having got equipment worth so many thousand dollars that you purchased for \$900.—A. Yes, that is so.

Q. What are the exact figures?—A. Our estimate of the value of the material that I have was \$45,000 and I spent \$900.

Q. When you speak of your estimate of the value, what do you mean by that? Is that the retail value?—A. That is what it would cost to go out and buy such material on the market to-day, the retail value.

*By the Chairman:*

Q. For you to buy?—A. I beg your pardon?

Q. For you to buy or the R.C.A.F.?—A. For the consumer to buy.

*By Mr. Murphy:*

Q. That is the consumer's price?—A. Yes.

Q. And you say you bought it for \$900?—A. Yes, that is right.

Q. Have you listed that equipment here?—A. Yes, I have.

Q. You mean you have a list?—A. I have a list right here with my pricings on it.

Q. A list of this total equipment?—A. Yes.

Q. Does that represent all that you have in your yard?—A. Yes. There may be a few small items not on it.

Q. Yes.—A. You understand I have probably thousands of things. There may be some things left off, but it represents the majority of the things I have.

Q. I have just been reminded by my good friend to my left that he, not I, would like to have that list produced as evidence.

MR. CLEAVER: Why not you?

MR. MURPHY: If you think I was not coming to that, you are crazy. I will ask the witness to produce that list.

THE WITNESS: Yes, I have it.

*By Mr. Murphy:*

Q. I will ask you to produce it as an exhibit. You have the list there, Dr. Brown?—A. Yes. I have submitted a list. You will understand that I did not go over these materials I have piece by piece and make an inventory. I grouped them by using what I call my judgment.

Q. How many different articles would you have there in groups? How many groups would you have?

Mr. PROBE: Quite a lot.

*By Mr. Murphy:*

Q. How many groups, Dr. Brown?—A. There would be 115, shall we say, or 120.

Q. And what do they consist of?—A. There are air compressors, hand tools, blowers, aircraft generators, storage batteries, cartridge clips, radio chassis, compasses, small electric motors, oil pumps.

Q. Have you a list, for instance, of generators?—A. Well, I do not specify. I just said, aircraft generators, so many.

Q. Yes. You have the prices there that the consumer pays for each item?—A. Yes, as well as I could get it. Some of them I estimated, using my judgment.

Q. I wonder if I could see that list?—A. Yes.

*By Mr. Shaw:*

Q. Will it be filed?—A. Yes.

Mr. PROBE: It will be filed.

*By Mr. Murphy:*

Q. The first column is the number, is it?—A. Yes; the number I have of that particular item.

Q. Of that particular item. The second column is the amount it would retail for?—A. Yes.

Q. And the third column is what? Oh, I see.

Mr. PROBE: We do not.

*By Mr. Murphy:*

Q. You have marked on this list the price you paid for each item?—A. No, because as I say I buy these materials not usually by units but by the pound. I get a large box of them and pay the man so much.

Q. I notice some items here and I wonder if I am right in this. On one page you have a total at the bottom of \$18,325. Then the next one is \$33,591. On another page it is \$4,829, and then \$3,827, and on another page \$3,013. The total according to this is \$63,585. Is that correct?—A. Yes. In publishing our figure of \$45,000 we took into consideration the fact that I have no way of knowing exactly how much a certain type of compressor would cost on the open market to-day. As I say, I have to use my judgment and decide how much that is, so we cut it down to \$45,000 to make it a very conservative figure, as all our estimates have been.

Q. And the amount you paid for all this was \$900?—A. \$900; that is what it cost me.

*By Mr. Benidickson:*

Q. What does this "we" mean?—A. That matter refers to the article in *Maclean's* magazine which was gone over carefully by the editor and Mr. Allen was working with me on the article.

Q. You were in collaboration with somebody else, and that is why you said "we"?—A. Yes.

*By Mr. Murphy:*

Q. There are one or two items I want to ask about. You have a sighting station, \$1,000?—A. Yes, that is a brand new United States Army Air Corps sighting station. If I understand it correctly the gunner on a B-29 or a B-32



does not have the guns in his station. He has only the sighting station, and he aims the telescope or sight in his station, and that causes all the guns on the ship to swing around on the target.

Q. Do you know what you paid for that?—A. That is a fairly complex piece of equipment. I forget whether I paid \$10 or \$5 for it, one of those two figures.

Q. For this \$1,000 piece of equipment. Was it new?—A. Brand new.

Q. Do you remember where you got it?—A. Yes, Frankel Bros. in Toronto.

Q. Was it in a case?—A. No, it was just thrown on a pile.

Q. But it had never been used?—A. I picked out a good one. There were hundreds of them.

Q. You have seven AC instruments, \$100 apiece, \$700?—A. Those are aircraft instruments such as turn and bank indicators, and Kollsman sensitive altimeters.

Q. Were they new?—A. Those were used instruments.

Q. Do you know what you paid for them?—A. I picked those instruments up one at a time over a period of a year and a half and as I said I bought them in bulk. You might have one instrument in with 25 or 50 pounds of other material so I cannot give you the cost of that.

Q. What do you think it might cost?—A. As I say, I paid from \$2 to \$5 for the whole pile.

Q. So this would be in with other articles in the pile for which you paid \$2 to \$5?—A. That is right.

Q. You have two course setting bombsights, \$600. Were those new?—A. No, they were used sights.

Q. What would they sell at to-day?—A. There is one very good example of a thing I could not possibly price. I had to use my judgment in pricing that. The set contains a compass and it contains a rack and pinion movement. It is all made of brass. It is full of ratchets, spirit levels, and so on, all sorts of mechanical movements.

Q. This equipment was just as good as new if not new?—A. It was just as good as new. It was not new; it was used.

Q. You have eight electronics test chassis at \$60. They would be in with a group of other stuff you also bought?—A. Yes, they came from Wagman and Sons.

Q. You have four AC starters at \$100 apiece. Do you know what you paid for those?—A. I paid \$3 apiece for some and \$5 for others.

Mr. BENEDICKSON: I do not want to interfere with Mr. Murphy's examination, but it might save the time of the committee if he would ask in each case from what firm these items were purchased. It will save me asking that particular question later, and going over a long list.

Mr. MURPHY: You want him to specify each item?

Mr. BENEDICKSON: If you will ask where he purchased the article it will help because it will save me from making notes.

*By Mr. Murphy:*

Q. Would you go back over those four items and tell us where you bought them?—A. One of those starters came from Rosen in Kingston. The course setting bombsight came from Industrial Iron and Machinery in Toronto. Would you read the others, please?

Q. I mentioned a sighting station.—A. Frankel Bros.

Q. A.C. instruments, \$100 apiece, course setting bombsights, landing lights.—A. The aircraft instruments came from just about every junk yard I have been to. I am not sure but I think I got one here at Baker Bros. in Ottawa. I picked those up where I could. I do not remember where they came from one at a time.

Q. You have here miscellaneous air compressor equipment, tanks, fittings, gauges, \$150. Do you remember where you got them?—A. The tank came from General Salvage on Cherry street in Toronto. The fittings have come from all over. That is the sort of thing you fill the box up with.

Q. You have 2,000 radio resistors at 10 cents, \$200?—A. They came from all over; wherever I saw them I picked them up.

Q. All this equipment so far to which you have referred is either new or as good as new?—A. It is either new or, in my opinion, as good as new.

Q. On this other page I see 2 Jacobs 64 A.C. engines at \$8,000 each, \$16,000.—A. Those are the two aircraft engines I mentioned in *McLean's* article. Those came from Frankel Bros.

Q. What did you pay for them?—A. \$40.

Q. Apiece?—A. No, \$20 each. I have the documents on those, by the way, the receipts, and so on.

Q. You have them here?—A. Yes.

Q. I should like you to produce those and submit them as evidence. What equipment was on those engines in the way of batteries, and so on?—A. They were what the R.C.A.F. call complete engine, that is, they lacked a starter and generator.

Q. They had spark plugs, and so on?—A. Yes, the harness, and so on, was there. The plugs were there; the fuel pumps, oil pumps, and so on, were all on. Just the starter and generator were missing, and those I supplied from another source.

Q. You have two Jacobs cyls at \$160, \$320?—A. I am sorry, I did not catch that.

Q. You have it here, two Jacobs "cyl".—A. Oh, cylinders. Those are cylinders which were refinished by McLean Norris. They were chrome plated and reground to the original cylinder bore.

Q. Incidentally, had those airplane motors been in service?—A. Yes, they were used engines.

Q. You have 84 air compressors at \$360 each?—A. Those are off—

Q. \$30,240?—A. Those are off Rolls Royce Merlin engines. They are two stage air compressors using a Scotch yoke. They are a beautiful mechanism. You can get 300 pounds working pressure from them.

Q. They would serve that purpose?—A. I use them for paint spraying, spraying vegetables, blowing up tires, cleaning off my work bench.

Q. Farmers could use them, and mechanics?—A. Yes.

Q. Home owners?—A. Yes.

Q. Do you know what you paid for them?—A. The price of those went up gradually as I got more interested in them. I think the first ones I bought in a pile for less than \$2, and at the end of the day I was paying \$5 each for them.

Q. Where did you get them?—A. They all came from General Salvage on Cherry street in Toronto.

Q. Have you tested all those 84 air compressors?—A. No, but my friends have.

Q. And they all work?—A. Yes, they all work.

Q. They are all satisfactory?—A. Yes.

Q. What would you have to pay for those in the open market, \$360?—A. You cannot buy an exactly comparable compressor on the market.

Q. You can buy a lower grade, an inferior grade?—A. Well, the compressor you buy to-day would not be made as well as that compressor but also it would deliver more air. This is a high pressure relatively low volume type of air compressor but, as I say, it is very satisfactory for the ordinary garage mechanic's purposes.

Q. These 84 compressors you bought from \$2 to \$5 each. Would they average \$3 apiece?—A. They would average closer to \$4, I should think.

Q. So that \$30,240 worth of equipment was purchased for \$336?—A. Something like that.

Q. And have they all been tested?—A. Yes, they are working in various parts of Toronto right now.

Q. If necessary you can show them to us?—A. Yes, I have ways of tracing the present owners of them.

Q. You got those at different places?—A. No, I got them all at General Salvage.

Q. You do not happen to have the receipt here?—A. No, but there are some still down there if the committee wants to see them.

Q. Have you any at your place?—A. Yes. I have only about six or eight.

Q. You have here six A.C. generators at \$180, \$1,080. Do you remember where you got those?—A. Four of them came from Rosen in Kingston. One came from a Montreal yard. One came from General Salvage on Cherry street, and one from some other Toronto yard. I am not sure just where.

*By Mr. McCullough:*

Q. What voltage are those?—A. They are 12 and 24 volts as they stand now. What I was doing was modifying them for 60 cycle, 110 volts, A.C.

*By Mr. Murphy:*

Q. Do you recall what you paid for them?—A. The ones I bought from Rosen in Kingston were \$3 each.

Q. They were \$180 on the market?—A. Yes.

Q. Those were as good as new?—A. Yes, they are new.

Q. They are new?—A. They are new subject to the amount of banging around they got being thrown on the pile.

Q. But they had never seen service?—A. I do not want to say that about all of them because I am not sure now that I think of it. I would prefer to say they were in new condition, good working condition.

Q. I see here one fuel pump, Merlin, \$100. Do you remember where you got that?—A. No, I am afraid I do not.

Q. Two oil pumps at \$80 each, \$160; do you remember where you got those?—A. They came off Rolls Royce Merlins, but just where they came from I am afraid I do not know.

Q. You do not remember what you paid for them?—A. No.

Q. Have you still got them?—A. Yes, they are still in the basement.

Q. One bomb release, \$60; do you remember where you got that?—A. No, I am afraid not.

Q. You do not recall what you paid for it?—A. No.

Q. You have here one radar chassis, \$1,000.—A. I got that at Wagman and Sons in Toronto. It is a part of an R.X.F. set. It is the display unit.

Q. Do you recall what you paid for it?—A. No, but for a comparable piece of equipment I have paid maybe \$2, or something like that.

Q. For this \$1,000 article?—A. Yes.

Q. You have six high voltage condensers at \$40 each, \$240?—A. I usually pay 10 cents each for those.

Q. Are those condensers as good as new, or are they new?—A. I have them with my equipment in the basement. They are as good as new.

Q. You have eight high voltage condensers here at \$30 each, twelve at \$20, twelve at \$10, twenty at \$5. Have you still got those?—A. Yes.

Q. And all serviceable?—A. Yes, all tested.

Q. I was wondering if you could go over this list and mark on it the items that were new, or can you do that?—A. The difficulty that arises there is that I cannot swear that a thing was new. I do not know that I want to swear that battery is new. To me, using common sense, I think that is a new battery, but



proving it is another matter. Similarly with much of this equipment that looks brand new to me somebody may say, "Well, it has been used", and how am I to prove it is new? There is the question.

Q. There is one point I want to get clear. When you started out to purchase this equipment did you have in mind declaring to the public what you considered was a sales policy not to your liking?—A. No, that is a by-product of all my purchases. I use this equipment in my basement. I build it up into oscillators and radio test equipment. I have air compressors, and various things I use in my experiments.

Q. It was after you commenced purchasing this equipment and found out what you could purchase it at and saw the amount of it that you decided to write the articles?—A. Yes, after I had accumulated a large amount of it I saw this was not a good thing, and I tried to do something about it.

Q. You kept a record of what you paid for the articles?—A. Well, after I got writing articles I kept a much more careful record than I had in previous times.

Q. To all intents and purposes the amount you paid for all this equipment was \$900?—A. I consider \$900 is what I paid for it. I cannot say I have a list which adds up to \$900, but that is what I say I paid for it.

Q. You have checked the consumer prices and found it to be approximately \$63,595?—A. I would prefer to say \$45,000 just to allow for mistakes in figuring.

Q. In that amount what percentage would you consider new?—A. Well, I do not like to give an estimate of the percentage I consider new.

Q. That is quite all right. What percentage is usable, serviceable?—A. It is all serviceable, or I would not keep it in my basement. I have not room.

*By Mr. Cleaver:*

Q. What are you using two worn out Jacobs engines for in your basement?—A. At the time I bought those engines I was interested in a patent on—

Q. I am not interested in your life history. What are you using them for.

Mr. MURPHY: We are going to get the answer to that right now.

The WITNESS: At the time I bought these engines I was interested in a method of running an aircraft engine, which is a high fuel consumption engine, on fuels that did not cost so much. Flying an aircraft of any type costs money because the swept volume of the engine cylinders is from 900 cubic inches up, and the amount of gasoline and air you suck into the cylinders per revolution is extremely high. If you can find a way of using cheap fuel, that is, diesel oil, in an ordinary gasoline engine your financial troubles in this world are over, and I was at that time looking into that problem.

*By Mr. Cleaver:*

Q. Without generators and without starters?—A. I bought generators from Rosen in Kingston. Starters were available, and have been available continuously in all junk yards. The engines are complete.

*By Mr. Murphy:*

Q. This being your business as to any equipment you bought you would know whether or not it was serviceable?—A. That is right. I do not buy it unless it is all right.

*By Mr. Shaw:*

Q. May I ask the witness what percentage of all his purchases have been made since September 1, 1945? Can you say whether you have purchased a substantial portion of it since that time, half of it or a quarter of it?—A. That is about a year ago, nearly a year ago.

Q. Since you started purchasing?—A. Well, I am afraid I cannot give you an accurate answer to that question.

Q. You have been purchasing continuously up to the present time?—A. Yes, I have been buying continuously since March, 1944.

Q. But you have made substantial purchases since the 1st of September, 1945?—A. Yes, quite substantial.

Q. But you have made substantial purchases since the 1st of September, 1945?—A. Yes, quite substantial. Just what percentage I do not know.

*By Mr. Murphy:*

Q. I am through with the chief examination now, but there is one point I want to clear up to the satisfaction of the committee and of the public. I have heard it stated here and about that this particular witness has ideologies probably not to the liking of a Canadian, and in view of that statement having been made to us, I think in all fairness to the committee—while it may not be related directly to the articles, we will say—we should know the background and I will say the political ideals of the witness as to whether or not his ideologies are quite in conformity with those of a good Canadian citizen.

Mr. STEWART: I take the strongest exception to this line of evidence. It appears to me—and I am not accusing anybody of it—but it appears to me that attempts are being made to discredit the witness. Now, what his political ideology has to do with the destruction of batteries, I do not know. He is here to present the facts as he knows them to this committee and no more than that. He is entitled to beliefs—what they are I have not the slightest idea—but I do not think it is within the purview of this committee to examine witnesses as to what their political, religious or any other beliefs are; we are here to get facts.

Mr. MARQUIS: I endorse the views of Mr. Stewart on this point. This has nothing to do with the disposal of the material. A man may be Jewish or any other nationality. I think that is the best course to take in this matter.

Mr. McCULLOUGH: I do not know what Mr. Murphy has reference to in regard to certain ideologies. He has made a statement and I think he should substantiate it. Some of us do not know what is he referring to. I do not think it is fair to the witness or to the committee members.

Mr. CLEAVER: It is a fair question.

Mr. STEWART: The question is out of order.

Mr. MURPHY: I will be fair on this point. I think when the witness has given the answer—

Mr. PROBE: It is not irrelevant?

Mr. MURPHY: No, it is not. I think we are entitled now to an answer to the question. And I think when the question is answered it will clarify any situation that we have in mind.

The CHAIRMAN: I doubt very much if the question has any direct bearing on the discussion as to the purchase and sale of batteries. Someone used the term "Jew".

Mr. MURPHY: No, I did not mean that.

The CHAIRMAN: I will use the term Irishman or Dutchman or Scotsman in regard to purchases. May I suggest that you turn that over in your mind before pressing for an answer.

Mr. MURPHY: Before pressing that particular question I do want to clear up this *nom de plume* the witness uses for his articles. Will you explain that?

The WITNESS: Mr. Chairman—

The CHAIRMAN: That is a different question.

THE WITNESS: Mr. Chairman, at the time I took the name Sherashevski as a pen name the Russians were in high favour, and I had not any way of knowing the disfavour in which they were going to fall in the future when I took the name. Sherashevski is a beautiful name, and if you were born with a name like Brown I think you might be forgiven when you go to take a pen name for getting something romantic or musical—something different from Brown.

*By Mr. Murphy:*

Q. You are a Canadian?—A. I was born in Penhold, Alberta, of an old Grit family. Members of my family have run for this House of Commons and have been prominent in the Liberal forces in Windsor, Ontario, for many years.

MR. STEWART: That discredits you thoroughly.

THE WITNESS: The farthest to the left, if it is called the left, that I have ever ventured is to the C.C.F. party, and at the present time I am not a member of any political party.

*By Mr. Murphy:*

Q. You are not a Red?—A. If that means that I am a Communist, I have never had any dealings whatsoever with the Communist party in this or any other country. I do not believe in their philosophy of government. I find very little to agree with in their way of doing things. I have, in other words, nothing whatsoever to do with them.

Q. That is all, Mr. Chairman.

MR. REID: I wonder if I could ask a question and it has to do with the first statement appearing in *Maclean's Magazine* that there were eight major depots at which War Assets Corporation destroyed property. While the article does not say that bonfires were burning for weeks at Vancouver, the inference is certainly there. Now, I come from Vancouver, and I would like to ask Mr. Brown or Mr. Sherashevski, whichever you prefer, but that is the name which appeared in the *Free Press*, where in Vancouver and at what date that property was destroyed?

MR. STEWART: We are on batteries, Mr. Chairman.

THE WITNESS: I believe that question refers to the second *Maclean's* article, does it not?

MR. REID: The first article. I am very serious about this matter because I come from Vancouver and I never heard any such thing. I feel riled at you accusing Vancouver if it is not true.

MR. SHAW: Mr. Chairman, I should like to emphasize that if we go beyond batteries we intend when the Royal Canadian Air Force witnesses appear before this committee to pursue this discussion into the whole field of scrap as applied to the Royal Canadian Air Force. We do not want to be cut off when the R.C.A.F. witnesses appear. Either we are going to proceed the whole way or we are going to stick to batteries.

MR. REID: I am particularly interested in this Vancouver matter. I want to know where in Vancouver they were burning them and what date. I come from there, and I never heard of that.

MR. SHAW: Mr. Chairman, on my second point of order, may I make it perfectly clear that I am most anxious that we have this discussion broadened out to the fullest possible extent, because I have been waiting for eight months to have it broadened.

THE CHAIRMAN: Mr. Shaw, I have never shut you off or called you to order. I think Mr. Reid's question with regard to the burning of batteries has a direct bearing. It might be batteries.

MR. PROBE: Could we ask Mr. Reid to read this?



Mr. REID: Yes. This is on page 52 of *Maclean's Magazine*, dated July 15, and the excerpt reads as follows:—

Under this clear-cut authority the Air Force, acting as War Assets' agent, began destroying War Assets property at eight major disposal centres, in Vancouver, Calgary, Winnipeg, Trenton, St. Johns, Que., Scoudouc, N.B., Debert, N.S., and Penhold, Alta.

It lighted gigantic bonfires, some of which burned for weeks without interruption, LAC's and AC2's ran bulldozers over tiny mountains of instruments, and hacked at whole engines with hammers and crowbars.

Now, that includes Vancouver, and I want a statement from the witness on that?

The WITNESS: The source of that information is in the minutes of the War Expenditures and Economies Committee. I do not have the exact reference page, but references are in books Nos. 13, 15 and 17.

*By Mr. Reid:*

Q. This is important. I come from Vancouver, and I feel there must be something wrong with me if I have never heard of this, because I am an active person in Vancouver, and I challenge your statement, and I say it is untrue in as far as Vancouver is concerned. I laid a charge here about Penhold, Alberta. If it had been any other place but Vancouver it would have been different, but since I believe I was the first to lay a charge I have an obligation. Where was this bonfire; where was the destruction in Vancouver?—A. In No. 17, you have copies of the letters which went out from the heads of the air force to the men in charge of the depots all over Canada, and those depots are the ones mentioned in the article, and that letter states specifically that here is the list of material—I forget the phrase—the letter is in the minutes.

Q. Let us have the minutes. This is a matter I want cleared up.

Mr. PROBE: Could Mr. Reid do this without frightening us to death? I am getting worried.

Mr. REID: Who is frightened?

Mr. PROBE: I am.

Mr. REID: This is the way I feel about this matter. I want the committee to understand my position. I came before this committee as a member and I spoke about Penhold and I am practically being accused of not mentioning Vancouver because, as the witness said, at Vancouver there were bonfires and the destruction of property by War Assets Corporation or the R.C.A.F. I want to know where it was. I would have laid the charge with regard to Vancouver if I had known. If that is the case let us know it.

Mr. SHAW: I want to be perfectly fair. I think the same thing will apply when other witnesses are here. I shall ask you, Mr. Chairman, to take the paragraph on page 52 which has reference to the clear-cut authority. I refer you to the fourth paragraph in the first column:—

Under this clear-cut authority the Air Force, acting as War Assets' agents, began destroying War Assets property at eight major disposal centres . . .

The CHAIRMAN: Will you read the next few words?

Mr. SHAW:—

Under this clear-cut authority the Air Force, acting as War Assets' agent, began destroying War Assets property at eight major disposal centres, in Vancouver, Calgary, Winnipeg, Trenton, St. Johns, Que., Scoudouc, N.B., Debert, N.S., and Penhold, Alta.

Mr. CLEAVER: Just stop at Vancouver.

Mr. SHAW: Why not stop at Alberta? Now, I read the other paragraph:—

It lighted gigantic bonfires, some of which burned for weeks. . . .

It does not say where.

Mr. REID: My statement is as clear as daylight. I say that statement covers bonfires lighted at Vancouver. I said that anyone reading that article would take it that the bonfires had been lighted at Vancouver, although it does not specifically so state, but it does in the preceding paragraph.

Mr. CLEAVER: The witness says he can give a reference; let us have the reference.

The WITNESS: It is on page 370. There is a line called "Summary of classification of items mutilated by R.C.A.F." That is not what I wrote.

Mr. CLEAVER: Show us Vancouver.

The WITNESS: Further on you have a series of letters which begin at page 404 from the War Assets Corporation concerning this destruction to the department in charge of the R.C.A.F.

Then you have that policy clear all the way down the line from the head of the air force down to the lowest LAC. Now, what Mr. Reid is saying is that those orders apply only to certain—

Mr. CLEAVER: Oh, no.

Mr. REID: To keep the record quite clear I am challenging you about Vancouver. I know about Penhold. I made that statement myself about Penhold.

The CHAIRMAN: What he wants to know is whether you know if the fires took place in Vancouver?

The WITNESS: I have not been in Vancouver since I was one year old.

*By Mr. Reid:*

Q. Then we can eliminate Vancouver from that statement?—A. I dispute that, if I may. I think Vancouver is on the list there for a good reason.

Q. I make the statement now that I have asked the officials of the air force about Vancouver, and the statement was made that no equipment has been destroyed there and none was destroyed to my own personal knowledge because I kept a close eye on the depots around Vancouver. I say that statement at the moment is untrue.

Mr. PROBE: Has Mr. Reid the reference to that?

Mr. REID: He has not proved that Vancouver is mentioned.

Mr. MURPHY: The witness has referred to certain pages of the record, chiefly page 404, to letters which are in evidence. It ties up with the paragraph that has been quoted by Mr. Reid and by Mr. Shaw. Let us get this matter cleared up. We will read the second paragraph of that particular letter which ties in:—

It is requested that definite instructions be given that the spares being scrapped and placed in R.C.A.F. scrap bins be mutilated to such an extent that they cannot be used for aircraft use, and that mutilation be under the supervision of an officer or Senior N.C.O.

Now, this paragraph to which Mr. Reid refers, I assume, after reading the article in *Maclean's* very carefully, might tie up with one paragraph or another, but that is not necessarily so. The paragraph Mr. Reid refers to is:—

Under this clear-cut authority the Air Force, acting as War Assets' agent, began destroying War Assets property at eight major disposal centres, in Vancouver, Calgary, Winnipeg, Trenton, St. Johns, Que., Scoudouc, N.B., Debert, N.S., and Penhold, Alta.

I think the paragraph before it should be read into the evidence at this point because the witness is explaining exactly what he had in mind, and if you read

the paragraph before with the one that has been quoted twice already and in conjunction with the letter which has been referred to there is not anything in that particular paragraph quoted twice already that would indicate that there had been fires at any particular place but that there had been fires; but no one in this committee can say from reading this particular article that there were fires at Penhold or Calgary or Vancouver; the fires might have been at any one of these places mentioned which are Vancouver, Calgary, Winnipeg, Trenton, St. Johns, Que., Scoudouc, N.B., Debert, N.S., and Penhold, Alberta.

Mr. CLEAVER: Do you suggest that this is thrown in for window-dressing?

Mr. MURPHY: No, but you must read the one above and the one below together with respect to policy.

Mr. REID: There is a definite statement there. He says: "Under this clear-cut authority the air force, acting as War Assets' agent, began destroying War Assets' property..." and it sets out the name of Vancouver in connection with bonfires.

Mr. MURPHY: Well, I hope it is clear now. It does not appear to be clear yet that we must tie in the orders that were received for mutilation together with these paragraphs, and I have read the orders that were received from the War Assets Corporation with regard to mutilating.

Mr. MARQUIS: I dispute the statement because it refers to the destruction and immediately after were lighted gigantic bonfires. It does not refer to anything else, and the articles destroyed were at eight major depots.

The CHAIRMAN: Gentlemen, there is just a question in my mind as to whether we want to pursue this to any greater length. We have taken up considerable time on it. The witness has answered Mr. Reid's question. He stated that he was never in Vancouver, at least since he was 1 year old. Is that right, Mr. Brown?

The WITNESS: Yes.

The CHAIRMAN: So that it is reasonable to suppose that he did not see a fire at Vancouver.

Mr. SHAW: I should like to make one further observation.

Mr. MARIER: He does not know anything as far as destruction in Vancouver is concerned.

Mr. REID: In other words, he did not know the first thing about it.

Mr. SHAW: Mr. Chairman, we have evidence to the effect that instructions went out from Royal Canadian Air Force headquarters to, I presume, the appropriate officer at each of a certain number of air stations. These stations were mentioned. In that order it indicated that certain classifications of commodities were to be retained. Beyond that point they had no interest in the materials. We pursued an investigation into Penhold and under that order destruction actually took place; and I am correct in assuming, I believe, that there is no good reason to believe that it should have taken place only at Penhold and not at certain other places under that same general order. Mr. Chairman, we investigated Penhold only with respect to certain specific charges; and we proved, or at least they admitted, that destruction took place at Penhold; and the goods are listed in our evidence on page 394 and 395.

Mr. REID: That was the only place.

Mr. SHAW: That destruction took place.

Mr. REID: That is the only place we investigated. The witness does not know anything about Vancouver.

Mr. SHAW: Therefore until such time as investigation is made into each of the other seven places, I am quite at liberty to assume that the same thing took place at the other different places.



Mr. REID: Oh, no.

Mr. MARQUIS: Mr. Chairman, if Dr. Brown made some accusation with regard to Vancouver, he has to prove it. We cannot assume or infer anything. He has to prove the accusation he has made. That is the point. I do not dispute the opinion of Mr. Shaw. He is free to have any opinion he may like to have. But if the witness has written that at Vancouver some material was destroyed and a fire took place, he has to prove it. That is all.

Mr. PROBE: Mr. Chairman, I should like to remind members of the committee that in the course of our investigations, when we queried the manner of questioning witnesses, in order to get on with the job we decided to take a typical case or a typical station; and it was more or less agreed—I think it was agreed practically unanimously by the members of the committee—that we should dispense with investigating all stations—because the terms of reference or the letters were here to cover all stations, and that we would take one case, that of Penhold. We have raised our voices here an enormous lot in this committee — —

An Hon. MEMBER: Hear, hear.

Mr. PROBE: — — to cover up perhaps a little bit of weakness in argument. Let us not do that. We are adults and I get pained when we run into a situation of that kind.

Mr. CLEAVER: Mr. Probe, am I correct in this? I unfortunately have not been able to attend all the meetings of the committee, but I understand that there was an air force order of about last August — —

An Hon. MEMBER: February.

Mr. CLEAVER: No, last August; and that this was cured and we hoped it would not occur again. Is that right?

Mr. PROBE: That is correct.

Mr. CLEAVER: So that in substance we are now flogging a dead horse.

Mr. PROBE: That is correct. In February, 1945, I believe, certain instructions went out with respect to destroying non-serviceable equipment.

The CHAIRMAN: Then let us get away from that.

Mr. PROBE: That was cancelled by a later order.

Mr. CLEAVER: August.

Mr. PROBE: That is right.

Mr. McCULLOUGH: Mr. Chairman, I think the point now is that reference has now been made to a certain statement in *MacLean's* and I think we are examining this witness. I for one would ask the witness now to give us any evidence that he has, and any knowledge that he has as to just the extent of destruction in Vancouver and these places.

Mr. STEWART: Mr. Chairman, I am sorry to disagree; but I think we have got to finish this evidence on batteries and then we will handle *MacLean's*. I want this battery business cleared up. I brought it up and I want to see it through to a conclusion.

Mr. COTE: I agree with that.

Mr. CLEAVER: Mr. Chairman, is it your wish that we should simply confine our questions to batteries at this time?

Some Hon. MEMBERS: Yes.

Mr. COTE: Yes, of course.

The CHAIRMAN: We are dealing with material which has been destroyed and brought into the picture by articles published in the press and *MacLean's*. I think the question asked by Mr. McCullough of the witness is a proper one

and has a direct bearing in view of the fact that he mentioned Vancouver in his article, the destruction that took place at Vancouver. Are you prepared to answer Mr. McCullough's question, Dr. Brown?

The WITNESS: I answer the question in this way, that I have never been to Vancouver except when I was one year old. But the material from which those three paragraphs in *Maclean's* magazine were taken is on pages 370 and 404 and so on of these committee reports. The question resolves itself down to two possibilities: either every other air force station except the station at Vancouver obeys the written command of its superior officer and does destroy the material as they told them to in the letter, or Vancouver is the exception and they are not destroyed there. In that latter case, I withdraw Vancouver from the *Maclean's* article.

Mr. BENIDICKSON: What about Winnipeg?

Mr. REID: You do not know about Vancouver. You just do not know.

*By Mr. Marier:*

Q. What about St. Johns, Quebec? Do you know personally if there were some goods destroyed there?—A. No. I have never been to St. Johns.

*By Mr. Michaud:*

Q. What about Scoudouc, New Brunswick?—A. No. I have never been to Scoudouc.

*By Mr. Shaw:*

Q. What about Penhold?—A. I was born at Penhold, but I have not been there for some years.

Mr. CLEAVER: Mr. Chairman, I wish to co-operate with you and carry out your wishes in regard to the manner in which this enquiry should be carried on. Do I understand from you now that you prefer that we confine our questions to batteries, and that then the air force will be called with respect to batteries? Or are we to go over the whole field in our questions now?

Mr. COTE: Mr. Chairman, it was my understanding that that would be the orderly procedure to follow, to restrict the examination of the witness to batteries. That is why I suggested that as soon as we had finished our discussion of batteries, we call in a witness from the R.C.A.F. to be examined on the very same thing. From then on we could go to the further points.

The CHAIRMAN: I think that was Mr. Stewart's point as well. I think perhaps if we agree that we will stick to batteries, we will make more headway.

Mr. McCULLOUGH: On a point of order, I think what we are trying to get at is to figure out just why this material was destroyed, if it was destroyed. If I am not out of order, in the *Canadian Forum* magazine where Dr. Brown writes and where he makes accusations of destruction, he referred there to 59—and I am now referring to this because of the change of policy of War Assets which I think reflects perhaps on the destruction of batteries and everything else—industrial committees which were employed by War Assets Corporation to make a recommendation *re* surplus war assets and their disposal. I should like those 59 industrial committees tabled, or the names of those, and the names of the consulting firm which War Assets had as referred to by Dr. Brown; those consulting engineers that were taken to make recommendations as to disposal of surplus war assets. Also he makes reference to engineering reports from this consulting firm. I would ask, Mr. Chairman, that those engineering reports be tabled and also information as to what extent of time this firm was engaged by War Assets.

The CHAIRMAN: So as to understand it, the report states that War Assets engaged 59 firms?

Mr. McCULLOUGH: Yes. That is according to Dr. Brown's own statement. Is that true, Dr. Brown?

The WITNESS: You are referring now to an article written in June, 1944?

Mr. MARQUIS: Is this article before the committee now?

The CHAIRMAN: I doubt very much if that press article has been placed on the record.

Mr. MARQUIS: We have not to deal with that article then.

The CHAIRMAN: Still it is a question I should like to see cleared up.

Mr. McCULLOUGH: It is on the destruction of equipment and is written by the witness. He has reference to destruction of equipment which I take it includes batteries. The reference to this committee is to try to find ways and means to suggest economies. That is the only reason I ask for it.

The CHAIRMAN: That was in 1944. Of course, the policy has changed since then, and the directive as referred to by Mr. Brown—

Mr. MARIER: There was no War Assets in 1944.

The CHAIRMAN: —has already gone out to the various branches of the armed services in regard to the disposal of certain stock.

Mr. McCULLOUGH: I do not wish to take any more time of the committee but I would suggest that I be allowed to table these questions and have them answered.

Mr. MARQUIS: I suggest it be referred to the steering committee.

The CHAIRMAN: I will be very pleased to look into that matter. I am rather anxious to know as to the outcome of the inquiry made by the 59 companies.

*By Mr. Stewart:*

Q. In the witness' opinion was the material in Solway and Sons yard sold by War Assets Corporation to Solway and Sons, or do you not know the answer? In other words, was it sold by the air force or by the corporation?—A. I have not seen the contract. All I can do is say my understanding of it was that goods had been declared surplus by the air force to War Assets and War Assets had sold them to Solway and Sons as scrap.

Q. In your opinion did this scrap have any educational value? Could it have been disposed of in educational institutions throughout the country with some profit to those institutions?—A. Physics labs in all schools and universities require D.C. current.

In other words, it had an educational value?—A. Yes.

Q. Although it was scrapped?—A. Yes.

Q. How many persons of the name of Solway are in the firm of Solway and Sons? Do you know that?—A. At least two that I know of and maybe three.

Q. Did you talk to all of them about this or did you talk to any particular one?—A. I talked to the son, not old Mr. Solway but the son who would be about 40 years old, something like that.

*By Mr. Shaw:*

Q. May I ask the witness if in the purchases of these batteries he negotiated with the elder Solway, one of the younger Solways or a truck driver whose name was probably not known to him?—A. I bought the battery from the man who was driving the red Solway truck that day. He is a man I have seen around the yard. He works for the firm.



*By the Chairman:*

Q. Which firm?—A. For Solway and Sons.

*By Mr. Shaw:*

Q. Mr. Solway states:—

We do not operate our own trucks. All our transportation is done on a tonnage basis.

You would reiterate that these trucks bore the name of Solway and Sons?—A. Yes.

Mr. SHAW: I point that out for this reason that there is very strong evidence to lead us to believe that Solway and Sons own trucks. I think we ought to establish that. The inference here may be that they do not operate trucks. Therefore the evidence of Dr. Brown could well be refuted in that connection. I think that the statement in Solway and Sons' version is very significant. "We do not operate our own trucks."

Mr. MARIER: They can rent them with the right to put their name on the trucks. They can rent them from some other firm and they do not belong to them.

*By Mr. Probe:*

Q. May I ask a couple of questions? Would Dr. Brown mind repeating to the committee the approximate time at which he saw these R.C.A.F. batteries in Solway and Sons yard?—A. Some batteries were there previous to September, 1945.

*By Mr. Benidickson:*

Q. You saw them?—A. Yes, I saw them in a pile of R.C.A.F. batteries in the yard previous to September, 1945.

*By Mr. Probe:*

Q. This one was purchased in September?—A. This one was purchased in October, 1945.

Mr. PROBE: The reason I should like to establish the dates at which Dr. Brown saw these batteries at Solway and Sons is that on page 297 of the committee's proceedings it gives the dates at which Solway and Sons purchased storage batteries as scrap from War Assets Corporation. It indicates that there were two transactions made prior to April 8, 1946. In October, 1945, for example, it indicates there were 314 mutilated or scrap batteries sold by War Assets to Solway and Sons.

Mr. BENIDICKSON: What do you mean "mutilated or scrap"?

Mr. PROBE: It is in the course of the questions asked by Mr. Stewart. Perhaps I should withdraw the word "mutilated". "Broken" is the word that is used.

Mr. BENIDICKSON: Unserviceable or scrap.

Mr. PROBE: I had better use the word "broken" because that is the identical word in the answer. It does not say "mutilated" there. That is perhaps my own inference.

Mr. CLEAVER: There is intent involved in mutilation, and they might be accidentally broken.

Mr. PROBE: I am quite prepared to withdraw that point. I simply wanted to indicate there was a transaction in October, 1945, which involved 314 batteries according to the records of War Assets Corporation. I have no further questions.

Mr. McGREGOR: Do you not think that the story of this witness has been gone into pretty thoroughly? I would suggest that we should now call the other witnesses. We want to clear up this question.

Mr. MARQUIS: This afternoon.

The CHAIRMAN: It is two minutes to 1, so we will wait until this afternoon.

Mr. MARQUIS: We will decide this afternoon.

Mr. CLEAVER: I should like to say that I will refrain from asking any questions in regard to the battery problem so that the air force witnesses can be heard. The Banking and Commerce committee is sitting this afternoon and I will not be able to be here at your meeting. I have quite a substantial number of general questions I should like to ask this witness and I would ask that he should not be released until I have the opportunity.

The CHAIRMAN: That is the air force?

Mr. CLEAVER: No, Dr. Brown.

The committee adjourned at 1 o'clock p.m. to meet again at 3.30 o'clock p.m.

---

### AFTERNOON SESSION

The committee resumed at 3.30 o'clock p.m.

The CHAIRMAN: I will now call the witness, Wing Commander E. G. Mahoney of the Royal Canadian Air Force.

#### **Wing Commander E. G. Mahoney, Royal Canadian Air Force, called.**

Mr. STEWART: May I ask some questions of the witness or does he prefer to make a statement first?

The CHAIRMAN: He would prefer to make a statement first. You will be the first one called upon to ask questions.

The WITNESS: I am Wing Commander E. G. Mahoney, a branch head on the supply staff at R.C.A.F. maintenance command headquarters. Having heard numerous questions from the hon. members and having heard Dr. Brown's comments, much of which is not in accordance with the facts, we have taken the opportunity to bring two typical aircraft batteries to illustrate the air force side of the story. If agreeable I should like to make a statement as to those batteries.

This is an aircraft battery known in the R.C.A.F. as 5J/27. It is a 12 volt, 67 ampere hour battery weighing 53 pounds. It is supplied by the manufacturers in a wooden box but has never been supplied with composition covers or bakelite covers. It is somewhat similar in construction to the exhibit this morning.

*By the Chairman:*

Q. By whom?—A. By Dr. Brown. On the last contract placed by the Department of Munitions and Supply the cost was \$18.21 each f.o.b. shipping point, sales tax included.

*By Mr. Marier:*

Q. How much?—A. \$18.21. In support of that I should like to file an authentic document from the Department of Munitions and Supply placing the contract with Exide Batteries of Canada Limited showing the cost to the government of \$18.21 each.

This is a battery known in the R.C.A.F. as 5J22 which is a 12 volt, 40 ampere hour, type B, and its weight is 42 pounds. It is exactly identical to the battery exhibited by Dr. Brown except that it has not got a stoved in filler cap. It is also known in the Royal Air Force as 5J1391, that reference being clearly embossed on the body of the battery. This battery is supplied by the manufacturers in cardboard cartons precisely the same as this carton.

*By Mr. Cleaver:*

Q. Not in wooden boxes?—A. They are not, sir. In support of that I file a statement, if so desired, and I shall read it. It is a memorandum dated July 27th, 1946 to Wing Commander Foster, C.E.O. meaning chief equipment officer, as requested.

1. I have been employed at No. 1 Equipment Depot since August 26th, 1940. During that time I worked on the 5 sections. At no time have I received from a manufacturer a 12 Volt, 40 AMP. Exide Accumulator, Section 5J/22, packed in an individual wooden case or crate.

W. CAIRNS,

Foreman Laborer, i/c Section 5J

There is a further certificate on this document addressed to Wing Commander Foster, C.E.O. as requested. It reads:—

1. Further to the statement of Mr. Cairns, this section was in one of the sheds under my supervision at No. 1 Equipment Depot, Queens Quay, Toronto, and now located in Group 3, No. 1 Equipment Depot, Weston. Though I have only been attached to Group 3 since the spring of 1944, I agree with the statement of Mr. Cairns regarding individual crating of Accumulators Section 5J/22.

Ian C. MILLER, Group Controller i/c Group III.

Further in support of the fact this battery is provided by the manufacturers in cardboard cartons I have here a photograph illustrating a stock of these batteries on the floor taken at No. 1 equipment depot some considerable time ago. I do not know the exact date.

*By the Chairman:*

Q. Within two years?—A. If my recollection is correct it was in 1942. In addition we have another type of battery which is precisely the same construction and design as this. It is known as 5J20, but is only about two thirds as long as this and not quite so high. It is a 12 volt, 25 ampere hour battery used popularly on Cornell aircraft. The cost of it is \$12.48 to the government. The cost of this particular battery, 5J22, exactly similar to that exhibited by Dr. Brown, is \$14.68, in support of which I offer to file an authentic document from the Department of Munitions and Supply placing a contract with Exide Batteries of Canada Limited.

*By Mr. Cleaver:*

Q. That is his \$80 battery?—A. This is the battery that Dr. Brown referred to as being valued at \$80.

*By Mr. McGregor:*

Q. What is the date of that contract?—A. February 9, 1943, this, of course, being an amendment to the original contract which was also dated February 9, 1943.

Mr. MARQUIS: Has the price varied in the years since then?



The CHAIRMAN: Would you permit the witness to complete his statement? I want to carry out my statement to Mr. Stewart that I would permit him to be the first one to question the witness.

The WITNESS: In addition we have approximately 50 other types of lead acid batteries ranging from 2 volt, 7 ampere hour—this type here known as 5J5—up to 24 volt, 125 ampere hour, various sizes, shapes and type of cases.

*By the Chairman:*

Q. Did you give us the price of that?—A. Yes, I filed a document for 5J22, and it is written in pencil in the upper right hand corner. I can give you the price for that small one, 5J5. Our vocabulary price is \$2.25. Since reference was made to an automobile battery, we have a battery known as 5J643 which is used by the R.C.A.F. on starting trolleys. That is a device used to start aircraft on the ground to conserve the energy in the battery in the aircraft. We also use it in motor boats. We do not use this 5J643 in automobiles or trucks since all the batteries used by the R.C.A.F. in vehicles are obtained by arrangement with the Canadian army. That arrangement has existed for the past several years. The cost of this automobile type battery which the R.C.A.F. uses is \$5.32, and if the committee so desires I can file that, too.

*By Mr. Stewart:*

Q. The witness told us that the contract date for the 5J22 with the Exide company was February 9, 1943. Would the price have increased very much since then?—A. I do not know, because that is the last contract that the Department of Munitions and Supply purchased on behalf of the R.C.A.F.

Q. M & S would have purchased batteries by the thousands, possibly by the tens of thousands?—A. The quantity of that purchase is detailed on the acceptance of tender.

Q. Can you tell us what the number was?—A. The quantity ordered originally of this type of battery on February 9, 1943, was 9,620. The price was \$13.15. However, the R.C.A.F. determined that they did not require so many, and the contract was amended to order 8,169 batteries, in which event the new price, as amended by Munitions and Supply was \$14.68.

Q. But Munitions and Supply, in buying only large quantities, would naturally get a favourable price.—A. I have no knowledge of that.

Q. You are dealing with the cost to the air force.—A. Yes, sir.

Q. Dr. Boris Sherashevski was dealing with the cost to the consumer; the two are rather vitally different processes I think you will agree. Would you care to tell us what, in your opinion, the sale price of such a battery as that would be in the market to-day.—A. Having been in the air force twenty years and having no commercial experience, I would be reluctant even to make a guess.

Q. One of the points which intrigues me particularly is to be found on page 651 of the report, the first memorandum submitted, where Wing Commander Mahoney states:—

Unfortunately I was unable to contact Dr. Boris Sherashevski.

and on page 652, in paragraph No. 8, he states:—

Unfortunately I was unable to contact Dr. Boris Sherashevski who appears to be incommunicado.

Now, according to the only evidence which is in our hands, the first communication I know of, which was written by Wing Commander to Dr. Boris Sherashevski or Dr. Brown as he is known to us, was on the 28th May. The report to Wing Commander Mahoney was dated the 29th May. If this is the only attempt he made to contact Dr. Brown it seems he is being rather unfair.

I do not want to disturb the witness but perhaps he could tell us what other attempts he made to get in touch with Dr. Brown.—A. I was directed to communicate with Dr. Boris Sherashevski.

*By the Chairman:*

Q. Who directed you to do that?—A. My deputy minister. I consulted the city and telephone directories; I consulted the Canadian Information Service which is a government bureau in Ottawa; I consulted the air force public relations staff, and I consulted the *Canadian Forum*, which advised me they could not divulge his whereabouts; but if I so desired, I could communicate with him through them. Accordingly, on the 28th day of May, the very day I telephoned the *Canadian Forum*, I wrote a letter, already tabled, to Dr. Boris Sherashevski. In reply, I received the following letter:—

R.R. No. 1, Todmorden, Ontario,

May 31, 1946.

Wing Commander E. G. Mahoney,  
R.C.A.F. Maintenance Command,  
Uplands, Ontario.

DEAR SIR,—Your letter, sent to the *Canadian Forum*, has just reached me. I shall be very glad to give you all the information I have on the storage battery case, and show you the evidence I hold.

I shall be in New York for the greater part of next week, probably returning to Toronto on the night plane on the 6th. If you would care to contact me at the above address any time after that, the evidence I have will be on display.

Yours sincerely,

(Sgd.) J. J. Brown.

Sherashevski, of course, is a pen-name.

(Intls.) J.J.B.

And Dr. Brown saw you the day after he returned from New York. Isn't that right?—A. I don't know if it was the day after he returned from New York. It was on the 7th June.

Q. And he returned on the 6th, as far as you know?—A. I cannot verify that he returned on the 6th.

Q. Why did you not write to the *Winnipeg Free Press* to find out about Dr. Boris Sherashevski in view of the fact that the original article which I introduced to this committee was from the *Winnipeg Free Press*?—A. My direction was to communicate with Dr. Sherashevski.

Q. But could you perhaps not have done it more rapidly through the *Winnipeg Free Press* than through the *Forum*?—A. Since I received my instructions on the 26th or 27th of May, I proceeded immediately to Toronto to investigate the situation alleged by Dr. Sherashevski; and at the same time I took advantage of my presence there to make various inquiries which I have detailed; and I got the lead to him through the *Canadian Forum* in Toronto. Hence, is was unnecessary to try to communicate with him through the *Winnipeg Free Press*.

Q. You got your instructions on the 27th May?—A. On the 26th or the 27th.

Q. And on the 29th May you came to the conclusion that Dr. Sherashevski was incommunicado?—A. I do not think I made the statement that he was incommunicado.

Q. He "appears to be incommunicado."—A. I see.

Q. That is not a question, it is a statement of opinion, Mr. Chairman. I scarcely think that "one appears to be incommunicado" when only two days

have been spent in search for him; and the inference which some members of the committee did take from the statement that Dr. Brown "appears to be incommunicado" was detrimental, I think, to Dr. Brown. I would like to clear up the question which arose this morning. Has the witness any knowledge of the destruction of material which took place in Vancouver?

Mr. MARIER: On a point of order, I think we must discuss the question of batteries. This morning it was decided to leave aside the question of the other stuff destroyed here and there. Some questions were put to Dr. Brown but other members of the committee did not put questions who desired to put them. Many members of the committee have questions to put to the witness concerning the batteries matter, so I think we should stick to the batteries question right now.

Mr. BENEDICKSON: I agree with Mr. Marquis.

*By Mr. Stewart:*

Q. Did the witness have information about the destruction of material by the R.C.A.F. at Vancouver?—A. I have no knowledge of it, Mr. Chairman.

Q. I would like to put on the record—and this may irk Mr. Reid very severely—because destruction has taken place in Vancouver, by admission of the R.C.A.F.—and it is in the minutes of the committee which Mr. Reid did not read or had forgotten and which apparently all of us forget. I would like to put on the record, at page 262 of the minutes of evidence:—

At the outbreak of war and up to the time War Assets began operation R.C.A.F. equipment which was obsolete, unserviceable, or beyond economical repair was reduced to spares (i.e. salvageable components) and scrap on authority of competent technical inspectors, with the resultant scrap being sold as "junk" to local dealers through contracts arranged by the Department of Finance, Salvage Officer. The only exception was that where the inspector considered an item to be of more value in its whole state, that item was not reduced to spares and scrap but was reported to the Salvage Officer for sale in its whole state. In this period the R.C.A.F. had no surplus non-obsolete serviceable equipment for disposal.

Then it goes on for the rest of the page, including the section where it states that:—

In August, 1945, when War Assets withdrew their previous authority regarding saleable items, explicit instructions were issued that no equipment whatsoever was to be reduced to scrap. This is the policy which is in effect at the present time. This was slightly relaxed by allowing items worn out in use and with no possible sale value in whole state to be reduced to scrap; i.e. such items as glassware, crockery, light bulbs, brooms, mops, etc.

4. In addition to the above, in certain cases War Assets made arrangements with the R.C.A.F. to carry out the physical destruction of equipment which War Assets had determined was of no marketable value. This was done to avoid unnecessary handling and shipping to War Assets location and as a matter of convenience the R.C.A.F. personnel employed at the site where the equipment was lying were employed to carry out the actual work involved. In all such cases, however, I wish to make it clear that this equipment was the property of War Assets Corporation since they had given a receipt for it to the R.C.A.F.

5. Regarding the list of names of the disposal centres where the R.C.A.F. had engaged in the disposal of surpluses, it can be stated that at the following units by far the major portion was done:—

No. 3 Repair Depot, Vancouver,  
No. 10 Repair Depot, Calgary,



No. 8 Repair Depot, Winnipeg,  
No. 6 Repair Depot, Trenton,  
No. 9 Repair Depot, St. Johns, P.Q.,  
No. 4 Repair Depot, Scoudouc,  
No. 1 Technical Signals Unit, Debert,  
No. 2 Technical Signals Unit, Penhold.

A small amount of destruction was carried out up until March, 1945, at some of the remaining R.C.A.F. units.

And then I would suggest that the statement in *Maclean's* magazine is in accordance with the facts as submitted to this committee.

The CHAIRMAN: Will you please assist me in that paragraph relating to the fire at Vancouver.

Mr. STEWART: No, I do not think the fire at Vancouver had anything to do with it. I saw no mention of a fire at Vancouver.

Mr. MICHAUD: On a point of order it seems to me that what Mr. Stewart is discussing now is something which could be very well discussed when the witnesses are through, after we are through hearing the evidence. He has reiterated into the record a couple of pages of evidence. Now we are starting to argue about this and that as to an article to which reference has been made. It seems to me we are wasting time and we are holding witnesses here who should be questioned and allowed to go to their business.

Mr. STEWART: I am sorry Mr. Michaud thinks we are wasting time. I was trying to correct a misapprehension which existed this morning.

Mr. MICHAUD: It is a question of argument.

Mr. STEWART: I brought up this matter of the destruction of batteries before. The first answer I got which was supposed to be in the nature of an order for return dated Monday, April 8, was very unsatisfactory. That is why I brought the matter to the attention of this committee. My question No. 4 was:

"How many storage batteries were sold to Solway and Sons? The answer to question No. 4 was:

"October, 1945—314; January, 1946—73."

According to the department there were only two sales of batteries. That, of course, has been refuted in later evidence which has been adduced before this committee. On page 835 there is the R.C.A.F. version, and there are some questions I should like to ask the witness on it. The R.C.A.F. version of question No. 2 is, "of the batteries handed over to Solway possibly 8 which were damaged in handling or shipment may have been in their original cases." Can the witness tell us what was the nature of the damage?

The WITNESS: For each battery taken out of stock and scrapped there is a supporting document. In the minutes of proceedings No. 20 of June 6, page 653, is a statement of those batteries together with the reasons why they were scrapped. Since automobile type batteries have entered the discussion to that appendix appearing on page 653 we would like to add 3 only, 5J643, which were also scrapped. I have copies of the documents referred to in this report, and it will be observed that on the left C.V.W. 170 is the number of this particular document listing a number of batteries. The reason stated is "due to protracted period of storage in 'wet' condition without periodical charging causing sulphation of plates." As to the next item these 8 were sent to Exide Batteries. As to the next item the plates had sulphated. The next 3 were damaged due to rough handling. Of the 8 we assume those 3 may have been new. We do not know definitely. Further on is one more broken in transit, a total of 4. The next item opposite C.V.W. 72 is a quantity of 200, 20, 3 and 200. The explanation there is they were returned from units between December, 1941 and September, 1943 with plates sulphated beyond repair, stored without periodic

recharge. The next item is a broken case so that is 4 and 1 which is 5. The next item is 8, "use limit date 1942; outdated; plates deteriorated." The next one is "cracked case". That makes 6. The next one comprises 2 "damaged in transit". Those which had cracked cases, broken in transit, damaged in transit, damaged due to rough handling, are those that we assume could have been new but we do not know definitely.

*By Mr. Stewart:*

Q. From that same statement can I take it that no batteries of the category 5J22 were ever converted to produce?—A. In addition we have converted to produce, but not mutilated, the following batteries during the periods 1944-45 and 1945-46 immediately they were received back at the equipment depot from units because they were unfit for reissue. I might explain that it is common practice for R.C.A.F. units having surplus equipment, whether it is new or used, to return it to the equipment depot so that it can be reissued. On receipt back at the equipment depot it is examined by competent technical personnel who, if they decide it is unfit for various reasons, time expiry, sulphated, broken, are empowered to produce them. During that two-year period we have scrapped 68, the difference being, I should like to point out, that those 68 5J22s were scrapped immediately they were received into the depot before they entered our stock. The quantity of batteries enumerated on page 653 were those that were in actual stock.

Q. May I ask how you go about converting to produce?—A. From the stock?

Q. You have got a battery which you are going to scrap. How is it converted to produce? Is it done with a hammer or bulldozer, or how is it done?—A. There is nothing done to the battery unless there is sufficient reason for scrapping it, that is, there is something already wrong with it that obviates the need for the expenditure of any manpower to mutilate it, shall I say. The battery has something inherently wrong with and we merely throw it on the scrap pile, but before doing so the documentation must go through, and in that event we call that a write-down, and the write-down of any equipment in stock must be documented, and that document approved by air force headquarters.

Q. So that when you reduce a battery to produce you do not mutilate it?—

A. We do not.

Q. Later on in section 2 of the R.C.A.F. version you said:—

The R.C.A.F. had only released 371 scrap batteries to Solway.

Did the R.C.A.F. have power to sell to outsiders surplus equipment of that kind?—A. The remark I made in my report was that we released them to Solway. We did so on the authority of a contract negotiated by War Assets Corporation with Solway and Sons. I have here a typical contract. I would suggest, however, that since this is the air force copy and it is a contract negotiated by War Assets Corporation that they would be in a better position to give any explanation as to the nature of the contract. However, the contract I have in front of me authorizes No. 1 equipment depot to hand over to Solway and Sons the accumulation of scrap metals for the period of January 1, to March 21, 1946, and it details the different types of scrap such as brass, copper, iron, steel, aluminum, scrap batteries whole.

Q. Would you care to give us an opinion as to whether or not the battery exhibited this morning, had it not been rather bashed in, would have been practical to use in an aircraft to-day?—A. The R.C.A.F. would not use that battery in an aircraft again nor would it go to the trouble of repairing it.

Q. Even with the minor damage?—A. Even with the minor damage. I might explain that an investigation was conducted by the R.C.A.F. in 1944 as to the possibility of repairing or rebuilding batteries, and with the exception of

the aluminum container type it was found that the cost of shipping, tearing down, inspection, and the percentage of total write-off, that is, after tearing down a large percentage were found beyond repair, exceeded the value of the outer battery case, which in most instances is the only salvageable part. Further, the rebuilding procedure required specially trained help outside the production line in factories, and consequently the output would be slow. The result was that we promulgated A.F.R.O. 1988 of 1944 directing R.C.A.F. units that repairable aircraft batteries, except those contained in aluminum cases, were not to be repaired.

Q. So that if you came across a battery with the filler cap stove in it would automatically be thrown on the scrap pile?—A. That is scrapped.

Q. Do you think there is any possibility of the filler cap being stove in in such a way by accident? Could it happen accidentally? Could a filler cap be smashed in accidentally?—A. Very definitely. The R.C.A.F. has actually experienced accidental damage to batteries. They are dropped. Heavy articles are dropped on them. They are damaged in transit, all accidentally.

Q. How would you account for an accident such as the filler cap in the exhibit we saw this morning being smashed in?—A. It is not unusual for an equipment depot receiving batteries back from a unit to receive them back after having been shipped without the bakelite cover, and furthermore some batteries do not have bakelite covers, such as the 5J27 which I demonstrated. The reason for that is the unit may have retained or accidentally broken the bakelite cover, thus increasing the hazard of damage in transit or in handling.

Q. Then, to go to page 838 in the R.C.A.F. version you state:

The design, construction and dimensions preclude them from being used in lieu of automobile type batteries without going to considerable trouble to modify and adapt them.

My recollection is that the witness this morning said he thought the adaptation could be done within a few minutes. Would you agree with that?—A. To do a proper job in installing an aircraft battery in an automobile—I do not agree. I have consulted practical mechanical transport personnel in the Royal Canadian Air Force who studied the situation and the possibilities, and I can describe the amount of work involved if it is so desired.

Mr. MARQUIS: Describe the work.

The WITNESS: Shall I describe the work involved?

The CHAIRMAN: Certainly.

The WITNESS: A battery of this type, or the 5J20 which is still smaller but with a considerably smaller ampere hour capacity, would necessitate the battery box in the car being lengthened, deepened and made narrower. On some automobiles there is a strap iron cage holding the battery in place. On other cars there is a completely enclosed container or battery box, and on some cars such as the Ford, certain models of the Ford in any event, on the bulkhead or fire wall between the engine and the passenger compartment there is put in in the process of manufacture a recessed portion to adapt or hold the conventional type automobile battery.

After your battery box is modified it is necessary to modify the clamping devices which hold the battery down to keep it from jiggling all over the place. Then it is necessary to modify the battery. The battery has six 2 volt cells. I am speaking of doing a really proper bang-up job. It is necessary to remove this centre connecting bar by either burning or cutting it off and connecting two banks of three cells in parallel by means of cables. The cables would have to be reasonably heavy due to the current drawn by the starter. The cables would have to be approximately the same capacity as those on conventional



automobiles. Then, the method of connecting the cables going to the ground and to your starter would require to be modified. On an aircraft battery of this type it is an entirely different connection from the conventional automobile one. There is a male and female connection with a nipple with a hole in the centre, and the cable has to be soldered into the nipple. Before doing so this cap is put on the cable, the cable is inserted, and being deeper the nipple nut compresses it. In other words, it is a compression fitting. After that is done you have a 6 volt 80 ampere hour battery. The conventional automobile battery is 6 volts, 120 ampere hours.

I would suggest that since this battery would not have the capacity of a normal battery on a new car in cold weather this battery would not stand up. It does not have the current capacity when it is difficult to start a new car under cold weather conditions.

*By Mr. Stewart:*

Q. May I interrupt you there? When you contract for an 80 amp. battery you are certain you have got an 80 amp. battery? In other words, there is no chance of it being 75 or 70? It is 80 amperes?—A. I can only answer that by saying these batteries are made to our specifications, and they are all subject to inspection during process of manufacture by R.C.A.F. aeronautical inspectors in the manufacturers' plants.

Q. The point I want to make is you are getting what you contract for from the manufacturer?—A. Yes.

Q. I think it has been stated by the other witness that the quality of the R.C.A.F. batteries is very much higher than the quality of the batteries sold to the ordinary commercial user, so that when he contracts for 100 or 120 amps. possibly he might only get 90 or perhaps even 80 amps. Do you consider that a possibility?—A. Not having any technical background along those lines I would be reluctant to offer an opinion. May I continue?

Q. Please.—A. After the battery box, the battery and the cables have been modified to adapt a battery of this type you would be faced with a problem in the event of this battery not standing up when you went to charge it in which event you would get a rental battery, and the rental battery would not fit in the modified compartment. Lastly if the individual was not sure of being able to get a replacement battery of this type when the battery had become time expired or over age and would no longer serve its purpose and you had to resort to a commercial type of automobile battery in that event it would then be necessary to unmodify your battery box, your battery cables and your battery clamps.

Q. As you said you have performed a bang-up job of reconversion. Does the witness think it possible that the type of job outlined by the other witness would make the battery adaptable to an automobile?—A. There is very little doubt it would work, in my opinion, but it would be a makeshift job.

Q. Do you consider that any of the batteries which were declared surplus by the R.C.A.F. because they were scrap would have been suitable in any way whatsoever for educational purposes throughout the dominion? Could technical schools have used them?—A. A few new batteries which may have been accidentally damaged if repaired would be suitable. The bulk of the batteries which we have scrapped would not be very suitable at all because the majority of them were scrapped because the plates were sulphated. This battery here, having a transparent case, demonstrates very well sulphation on the plates. Once they are wet and the electrolyte dries out a white film forms over the plates, and they will not take a proper charge nor will they produce the required results.

Q. Can you tell the committee how many aircraft batteries have been declared surplus up to the present time? Let us say batteries of the type you have been demonstrating, the 22, 27, and so on?—A. I have not that information, but if it is desired we shall provide it.

Q. I do believe about 6,500 aircraft batteries at least have been declared surplus. That is in the minutes of evidence on page 295.

Mr. BENIDICKSON: Have we got an interpretation of what an aircraft battery is?

Mr. STEWART: I am taking the air force terminology.

*By Mr. Stewart:*

Q. Would it be possible out of those 6,448 batteries some may have slipped through which were not so badly damaged that they could not have been put to use by civilians?—A. I am a little at a loss as to this quantity that the hon. gentleman is quoting.

Q. Page 295 of the evidence.—A. The batteries referred to by the hon. gentleman are surplus serviceable batteries and there was nothing whatsoever wrong with them.

Q. There was what?—A. Nothing whatsoever wrong with them.

*By Mr. Marquis:*

Q. They were not scrapped?—A. Definitely not. They were declared surplus to War Assets Corporation, and the statement there says, "The following surplus serviceable batteries were declared."

Mr. BENIDICKSON: When Mr. Stewart refers to the total number of batteries used in aircraft does it include the small 2 cell miniature batteries that might be used in aircraft radios?

Mr. STEWART: My reference was to a statement on page 295. "The following surplus serviceable batteries were declared, 6,448 aircraft type", and they cost \$72,145.

The CHAIRMAN: That has no connection with this.

*By Mr. Marquis:*

Q. May I ask the witness if some of the batteries that were sent to Solway and Sons had wooden cases, the batteries to which Dr. Brown referred?—A. Not having seen the batteries or piles I do not know.

Q. Generally are those batteries in wooden cases?—A. Invariably used batteries are not in any case whatsoever.

Q. In what kind of case do you receive them?—A. We receive them from the manufacturer in different types of cases. This type of battery, 5J22, comes in a cardboard container. The smaller battery resembling this in type and construction known as 5J20 is also received in a cardboard container. The other larger battery, 5J27, is received from the manufacturers two in a wooden box.

Q. Dr. Brown said this morning that he never saw a contract passed between the government and Solway and Sons. When you met Dr. Brown did you show him the contract?—A. In paragraph 2 of my report on page 834 of No. 26 of the proceedings I said he appeared particularly annoyed with G. Solway and Sons—

Mr. MCGREGOR: What paragraph is that?

The WITNESS: Paragraph 2 on page 834. When I interviewed Dr. Brown very early in our conversation he asked me in the presence of Wing Commander Foster, who is here at your disposal, if it was true that Solway was not allowed to sell batteries to him, and also in his original Winnipeg *Free Press* article he makes reference to attempts to purchase under various pretexts, and finally he also told me he obtained one from Solway's driver. To satisfy him, merely in

the form of being anxious to give him information, I showed him this contract that I have, War Assets contract with Solway and Sons, and I drew his particular attention to a rubber stamped clause which reads:—

NOTE.—In accepting this scrap sale contract the purchaser hereby agrees to the following: "That material sold shall not be used for any other purpose except that of remelting."

Q. Did you read that clause? Did you look at the clause?—A. I do not recollect whether I read it to him or whether he read it himself, but I have a very positive recollection of having shown it to him.

Q. You said that the battery which Dr. Brown showed to the committee is worth \$4.71, or something like that, if I remember correctly?

The CHAIRMAN: \$14.68.

*By Mr. Marquis:*

Q. I understand that you have many types of batteries. Will you give to the committee the price of each type? I think you quoted a few prices, but there is a larger type which is the highest priced battery.

Mr. BENEDICKSON: Are we referring to the battery Dr. Brown said would cost \$80?

*By Mr. Marquis:*

Q. That battery was worth \$80; I think it is the one exhibited before the committee right now.—A. That is right, Mr. Chairman.

Q. And I think there is a larger type of battery; so I would like to know the price of that type of battery.

*By Mr. Shaw:*

Q. Is that the 24 volt battery you are speaking of?—A. We have a 5 J 27; the one on the floor which I have already demonstrated, one that is not supplied with a cover; the price of it is \$18.21; and we also have a still larger battery, 24 volt 125 ampere hour, but I regret I have not the price.

Q. You have not the price; but this large battery is not involved in the present bulk of batteries, the larger one?—A. I assume it is not, since Dr. Brown, in his discussion with me, during the interview, made reference to this type of battery with bakelite covers, and this large battery that I speak of, the 24 volt 125 ampere hour, if my memory serves me correctly, it has a metal case and a metal cover.

Q. Were these batteries manufactured especially at the request of the R.C.A.F., and on the instructions of the R.C.A.F. or the government, the Department of Munitions and Supply?—A. They were manufactured to R.C.A.F. specifications or requirements.

Q. So these batteries were not in the market before the war for commercial purposes, because you give a specification for the manufacture of those batteries.—A. They were available on the market before the war and during the war for commercial aviation but not for personal or private use.

Q. Yes; in your statement, on page 834, paragraph 2, you speak as follows:—

His quarrel is with War Assets Corporation for their failure to permit him to purchase scrap from which, by ingenuity, he can salvage parts and utilize them for various purposes or resale.

I put the question to Dr. Brown this morning and he told me that he had no particular quarrel with War Assets Corporation. Will you give us some explanation as to his statement made to the committee?—A. During my inter-



view with Dr. Brown in Toronto, when I asked him what his motive was in writing the article, he said—since I am unable to quote his precise words, what he said in effect was—being a taxpayer and an inventor and experimenter, he disliked to see good equipment wasted; and without being questioned, he further volunteered the information that his quarrel was with War Assets Corporation due to his inability to purchase from them equipment which he could use but which he had found on scrap piles. Perhaps I do not quote the exact nature of his quarrel in paragraph 2 of my report, but it was, nevertheless, an impression I got since he asked me: is it true that Solway cannot sell any of this equipment. Again, in his various articles—I shall correct that—in his original article, he stated that, under various pretexts he had attempted to buy a battery. And if he were not annoyed under those circumstances I think I probably would have been.

*By Mr. Marquis:*

Q. Mr. Chairman, I would like to ask the witness what would be the cost of adapting a battery for use on a car? As you explained a few minutes ago, you said that the process was a pretty expensive and pretty long one. I would like to know what would be the estimated cost of battery readaptation?—A. I have, Mr. Chairman, a memorandum from a Warrant Officer who is in charge of the Mechanical Transport section at our Maintenance Command Headquarters at Uplands. This individual has had a considerable number of years experience with mechanical transport. He says that the approximate cost of modifications and installation per vehicle would amount to \$14 for labour at the rate of 60 cents per hour; and \$2 for material; whereas the standard automotive battery can be purchased at a cost not exceeding \$10.

Q. So it would amount to what?—A. \$12 plus whatever you pay for the battery, plus whatever you pay for repairing it.

Q. \$12, plus \$2, plus the cost of the battery.

*By Mr. Benidickson:*

Q. How much did Dr. Brown pay for his battery.—A. If I remember correctly he said, \$5.

Q. So it would amount to \$20?—A. \$14 and \$19 and \$2 plus 50 cents for the plate which he said he would require to repair the battery.

Q. It would cost \$21.50, when you can buy a new one for \$10.—A. You can buy a new one for \$7.50, and one of better quality for \$11 to \$12.

*By Mr. McGregor:*

Q. How is that made up, that \$21.—A. This is an estimate of the man hours that would be involved in making the modifications to the cap and the modifications to the battery. This is upon the assumption that an individual who is not handy with tools or who is not a tinker, would take his car and battery, such as this 5J22 around to the local garage and have it done.

*By Mr. Marquis:*

Q. Is the man hour wage \$5?—A. This estimate is based on 60 cents an hour. I do not know what a garage would charge.

Q. You know that the price that garage would charge for labour is \$1 per hour at least.—A. I do not know.

Q. You would not know; did you contact some companies engaged in battery sales, to find out if it is possible to have them readapted, these batteries, for commercial use?—A. We did not contact any garage.

Q. Did you contact the Exide Battery Company for example?—A. Yes, we did contact the manufacturer of this battery; we asked them for their opinion and they said that they thought it was ridiculous; that, in fact, it was so ridiculous

that they declined even to give us a statement to that effect. This is the information that I have. That is all. And they further said they would not, under any circumstances, undertake a contract to modify any of these batteries even in large quantities.

Q. So, apart from the fact that Dr. Brown was a scientist and could make batteries for commercial use?—A. We have not explored that with anybody outside of Exide and our own mechanical transport people; but I would suggest, Mr. Chairman, that if there was any possibility of properly adapting or modifying these batteries so that they could have been used in cars, the air force would probably have done it. I know we tried to use this type of battery with a bakelite cover in motor boats, but they have not the ampere hour capacity. Hence the experiment.

Q. Has your technician good experience?—A. The individual who made this estimate has, I would estimate, 15 years' service in the R.C.A.F., strictly on mechanical transport repairs, driving, and operating our own air force garages.

Q. I think Dr. Brown said that the batteries were dry; and due to the fact that they were not refilled, they were unusable after that time. Could you make any remark about that particular point?—A. The average aeroplane battery, manufactured by the manufacturer, says that this battery must be filled with electrolyte and charged not later than—there are two dates on this particular tag, December 31, 1945 and another stamp, June, 1945. The R.C.A.F., since these batteries are made to their specifications, disregarded that time expiry date on the manufacturer's tag; and we have an order promulgated internally within the R.C.A.F. known as the air force maintenance instruction M.9/2, 6th issue, paragraph 10 of which says: batteries in stock as dry charged or dry uncharged are to remain in stock in this condition despite any tag or makers' instructions calling for a charge within a definite time. And it is for that reason that we disregarded the date of expiry that may be noted on the manufacturer's tag.

Q. As to the quantity of batteries, you were here this morning; and I asked Dr. Brown as to the quantity, and if I remember correctly he said: there were 2,000 and of that number four-fifths of the batteries were coming from Depot No. 1. Would you tell the committee how many batteries there could have been coming from Depot No. 1?—A. We know, Mr. Chairman.

Q. And what size or type?

The CHAIRMAN: Mr. Marquis, you were asking the question, but I want to keep the record straight.

Mr. MARQUIS: I beg your pardon?

The CHAIRMAN: You are asking the question, but I want to keep the record straight. I followed the evidence very closely this morning, but I do not recall Dr. Brown using the term, "four-fifths".

Mr. MARQUIS: I put four-fifths down on my paper, but perhaps I am mistaken.

Mr. COTE: He said "80 per cent".

*By Mr. Marquis:*

Q. I refer to the batteries that were involved in this matter and I refer to the batteries mentioned in this article, as the batteries coming from No. 1 Equipment Depot. Perhaps the witness did not understand my Shakespearian English, but I presume he understood me.—A. We know precisely Mr. Chairman, what the quantity of batteries is that we delivered to Solway, and that is already quoted.

Q. Would the witness give the type, the quantities of each type, and the whole quantity of batteries?—A. The total quantity that we delivered to Solway up to and including October 1945, was 371. Of that 371, we do not know the

prices, and the number by each type and size, but we do know that there was a large portion of that 371 which consisted of two volt batteries, some being this size, small ones like this, and some 2 volt cells that were probably six to seven inches high and four inches square, 2 volts; because, in July—correction—in March, 1945, we wrote off, or converted to produce, 303 of them.

*By Mr. Benidickson:*

Q. For the record, I think there should be some designation by description.—

A. Two volts, 7 ampere hour batteries.

Q. I think the actual size should get into the record approximately.—

A. 3-1/8th wide, 1-3/16th deep, 3-5/8th high; this is, the 5J5.

*By Mr. Marquis:*

Q. And the other small ones to which you referred a moment ago are a little bit larger but are of the same category?—A. They have not a transparent case; they have a hard rubber case and they are approximately 7 inches high by 4 inches wide, all the way around; and, on the 14th August, 1945, we wrote 200 of them off, so there were 303 5J5's and 200 5J26's, making a total of 503. I have the actual figure. During the two year period we wrote off 858 aircraft type batteries, of which 514 were 2 volt, six were 4 volt, and the remainder were 12 volt.

*By Mr. McCullough:*

Q. How many were 4 volt?—A. Six.

*By Mr. Benidickson:*

Q. What is the purpose of these miniature batteries? What are they used for in aircraft?—A. These 5J5's, in the transparent case are an obsolete type of radio battery known as the 1082 and 1083 transmitters and receivers. The radio sets are obsolete and these batteries fit into a special compartment in the radio; so the batteries are automatically obsolete since the radio sets themselves are.

*By Mr. Marquis:*

Q. So, from the month of June 1945 to October 1945 you had to scrap 371 batteries of every type. From June 1945 to October of the same year, you had to scrap, if I am well informed, 371 batteries?

Mr. COTE: It was the witness' reply on page 836 of the minutes.

*By Mr. Marquis:*

Q. We are dealing with Solway now, exclusively, and we are not dealing with the other batteries, because the article referred to the Solway business, I think.—A. Without doing much calculating, during the period of May to August we scrapped 727.

Q. In your article at page 836:

The article throughout refers to 2,000 batteries, whereas 1 E.D. only turned over 371 to Solways, up to and including October, 1945.

A. That is correct.

Q. And until March 1946, I think, only 495 batteries were turned over to Solway & Sons.

The CHAIRMAN: You find that on page 835, the first four items. I totalled it up.



*By Mr. Marquis:*

Q. Yes, on page 835. When you take out the 162 batteries that you sold, you have 495 batteries turned over to Solway & Sons.—A. That is correct, Mr. Chairman.

Q. Did the R.C.A.F. scrap any batteries which were serviceable?—A. No.

Q. Before scrapping batteries, was an inspection made of the batteries that were to be scrapped?—A. A very careful inspection is made, Mr. Chairman, by competent air force personnel. For batteries that are in stock and have deteriorated in stock because they have dried out, we have what we call "Application for Write-Down", known in the R.C.A.F. as Form E 98. Every battery is recorded on this document and there is a certificate on the document indicating what was wrong with it. I might give an example, if you so desire. We have here a 5J10, an accumulator which, upon inspection, was found unserviceable as noted; and there is a statement on here, on this accumulator, which says: this accumulator returned by A.I.D. inspector, Flight-Sergeant Price, from the issue section with cracked case; shed personnel to see accumulator is properly packed when loaded in jeeps; issue section and jeep driver advised to show greater care in handling. I have a similar document to support all the batteries we have written off and referred to in No. 20, page 653. And these documents all are approved by the appropriate authority.

Q. When a battery is expired, that is to say, when the time for its duration is expired, does it happen that you keep a battery sometimes after that period and you use it?—A. Once a battery time expires, we write it off and put it on the scrap pile.

Q. You write it off and put it on the scrap pile; it cannot again be used.—

A. Not by the R.C.A.F.; otherwise it would not have been scrapped.

Q. Dr. Brown said that the batteries had been—I refer to page 836—"had been made into scrap by the R.C.A.F. by the simple process of smashing in one of the filler caps with a hammer and then marking the red card 'broken cap'." Is that true?—A. It is not true; the R.C.A.F. emphatically denies that they have mutilated any batteries for the purpose of making them scrap in the manner described in the allegation.

Q. You said a few minutes ago, I think, that some batteries are damaged in transit.—A. It is not unusual, Mr. Chairman, for batteries to be damaged in transit. They can be dropped accidentally, particularly the type such as 5J27 which, when shipped out individually is not necessarily in any type of container, although it is originally received from the manufacturer packed two in one box. But batteries can be dropped off trucks accidentally. I have known of a truck to back up one of its wheels against a battery and crack the case. We have known of batteries being dropped and we also know that we have received batteries from Equipment Depots out in the field at R.C.A.F. stations where one filler cap has been damaged in the manner described by Dr. Brown. We can only attribute that to accidental damage. One source of information I have within the air force is that as many as two out of a shipment of twenty were damaged, that is, the rubber cell cover was damaged. These rubber cell covers are quite fragile.

Q. Do you keep records of the batteries which are damaged in transit?—

A. Not specifically except that if the damage has obviously occurred as a result of the carrier, the transportation company, we lodge a claim against the carrier; but it frequently occurs that we receive batteries from another R.C.A.F. unit that are damaged and we cannot reasonably accuse the railway company of having caused the damage; so we absorb the damage. I have here an illustration of that, one of the tags filed as an exhibit by Dr. Brown, 5J27, which I refer to in paragraph 6 of my second report, on page 834, No. 26, as being the tag which Dr. Brown told me over the telephone belonged to the battery in his

possession—the tag which has been filed—has 5J27 written on it very clearly, not 5J2, but 5J27 as suggested by Dr. Brown; and on the reverse of that tag is shown No. 12 Equipment Depot, Issue Voucher No. 12026. I have here the actual document which covered the shipment of 27 batteries, 5J27, from No. 12 Equipment Depot, Montreal, to No. 1 Equipment Depot, Toronto. The reason for that shipment was that No. 1 Equipment Depot was out of stock. On receipt by No. 1 Equipment Depot, the shipment was examined and there is a rubber stamp endorsed on this voucher: received one case damaged, No. 1 Equipment Depot, R.C.A.F., Toronto. There is an indecipherable signature, that of the inspector of this, presumably broken, case. The battery in that case was found to be broken on one end of the case. This is the actual transaction covering the battery described as 5J27, filed as an exhibit, that is, the tag of which is filed as an exhibit.

Q. Would you file the document as an exhibit?—A. Gladly.

Q. The question I intended to put to you is this: do you keep records of the batteries you order to be scrapped?—A. We keep considerable records of batteries that are received and issued, and, as I have already explained, scrapped out of stock and recorded on this form, E.98, to comply with departmental requirements. Every transaction is posted to our records and supported by a document; and every document that is posted is scrutinized by accounting personnel to ensure that the transaction is legitimate. Those records are subject to semi-annual post audit by departmental auditors who report directly to the deputy minister, not to the chief of air staff or to the R.C.A.F. Further, these records are subject to examination by the auditor general, and it is from these records that we ascertained that between the 25th of June, 1945 and the 25th of March, 1946, No. 1 Equipment Depot handed over only 495 scrap batteries to Solway. Dr. Brown during the interview informed me that he had obtained his battery, which he referred to as his prize exhibit, in October. Our records reveal that from June, 1945, until October we had only delivered the 371 which we have already discussed, and furthermore to insure that no batteries were taken out of stock illegitimately and found their way to Solway's yards we have had a stock taking conducted on our batteries, and our stock is correct.

*By Mr. McGregor:*

Q. Would you say then that particular battery Dr. Brown had had been sent to Solway's yard at that time?—A. I think it is quite probable that some of the batteries described of the type which Dr. Brown exhibited this morning did find their way to Solway's yard because of that particular type we scrapped 68 of them in the past two years when they were received directly back from the R.C.A.F. units. For example, in June, 1945, we scrapped 11 because they were broken. In September, 1945, we scrapped 25, so it is quite probable that some of those 5J22's which came back from the units and were scrapped immediately they were received at the depot did find their way to Solway's pile.

Q. And it was possible for him to get them from Solway?—A. I would say it was possible.

*By Mr. Marquis:*

Q. As to the batteries which were used on starting trolleys, starting aircraft on the ground, how many did you scrap?—A. Three. Previously I asked that those three batteries—

The CHAIRMAN: I should like to follow this. What kind of a battery are you referring to?

Mr. MARQUIS: Automobile batteries, but they are used to start aircraft on the ground to conserve the batteries of the aircraft and not use them in starting the airplane.

The WITNESS: We have scrapped three of them known as 5J643; on the 31st of July, 1945, we scrapped two, and on the 19th of October, 1944, we scrapped one.

*By Mr. Marquis:*

Q. They were not serviceable?—A. They were not serviceable; otherwise we would not have scrapped them.

Q. Did I understand that those three batteries were the regular type on the market?—A. They were the conventional automobile type of battery, but not used in automobiles by the R.C.A.F.

Mr. MURPHY: There is just a question or two I have to ask. Being after 5 o'clock I assume that the witness will be with us to-morrow.

The CHAIRMAN: Not if we can finish to-day.

Mr. MURPHY: There is a good deal of evidence to be reviewed. I know I want to go over it carefully as to what he has said. I do not think there is any possible chance of finishing to-night.

The CHAIRMAN: It is 5 o'clock now. If you wish to carry over until to-morrow I would suggest that you give us an opportunity of going downstairs for an hour before the House recesses.

Mr. McCULLOUGH: There are quite a number of questions to be asked yet.

Mr. MURPHY: That would suit me all right, if it is agreeable to the committee.

Mr. BENIDICKSON: I would move we adjourn.

Mr. STEWART: We are all tremendously busy men. Most of us are not able to handle our correspondence properly, but the longer we go on the busier we are going to get. In view of the expense which has been incurred as to witnesses I myself feel we should carry on until 6 o'clock.

Mr. MARQUIS: Then we cannot attend to the House business at all.

Mr. STEWART: This is House business.

Mr. MARQUIS: It is one of the matters of business of the House.

The CHAIRMAN: I mentioned that, Mr. Stewart, because I looked around the table, and we are now without the required number for a quorum.

Mr. MARQUIS: I would suggest we adjourn.

Mr. STEWART: If there is no quorum there is no argument.

The CHAIRMAN: As you know I am quite willing to sit.

Mr. STEWART: Can we sit to-morrow morning?

The CHAIRMAN: What time in the morning?

Mr. MURPHY: Ten o'clock. I think that was agreeable to the committee.

The CHAIRMAN: Ten o'clock to-morrow morning in room 429.



## APPENDIX "A"

## DEPARTMENT OF LABOUR

## CANADA

## CANADIAN VOCATIONAL TRAINING

OTTAWA, July 24, 1946.

R. ARSENAULT, Esq.,  
Committee on War Expenditures,  
House of Commons,  
OTTAWA.

Dear Mr. Arsenault—As requested at this morning's meeting of the Committee on War Expenditures, I am enclosing a statement showing the Dominion payments made through the provinces under different agreements, during the fiscal year ended March 31, 1946.

Yours sincerely,

R. F. THOMPSON,  
*Director of Training.*

## DOMINION PAYMENTS THROUGH PROVINCES UNDER DIFFERENT TRAINING AGREEMENTS DURING FISCAL YEAR 1945-46

Province	Apprentice- ship	Youth Training	Training of Veterans	War Industrial Workers and Service Tradesmen	Vocational Schools Assistance Agreement
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Prince Edward Island .....	*	6,273.98	31,368.27		10,000.00
Nova Scotia.....	2,848.57	13,787.39	170,776.38	62,279.13	10,000.00
New Brunswick.....		28,126.84	258,586.33	33,624.59	81,598.35
Quebec.....	*	79,735.21	175,663.51	260,364.86	417,009.49
Ontario.....	29,541.16	46,199.00	1,952,192.71	234,896.07	10,000.00
Manitoba.....		2,197.97	304,232.66	6,994.17	10,000.00
Saskatchewan.....	6,200.93	31,084.23	272,890.10	37,066.92	48,929.68
Alberta.....		14,612.46	390,541.93	36,044.97	10,000.00
British Columbia.....	4,462.65	35,660.18	248,802.95	29,324.80	10,000.00
TOTAL.....	43,053.31	257,677.26	3,805,054.84	700,595.51	607,537.52

NOTE: \* Denotes no Apprenticeship Agreement in Prince Edward Island or Quebec.

† Denotes this Agreement terminated March 31, 1946.









Gov. Doc  
Can  
Com  
W

Canada. War Expenditures and  
Economies, April 30th, 1946

(SESSION 1946)

(HOUSE OF COMMONS)

CA1 XC2

-46W12

(SPECIAL COMMITTEE)

(ON)

# WAR EXPENDITURES

(AND)

# ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 33

WEDNESDAY, JULY 31, 1946

## WITNESSES:

Wing Commander E. G. Mahoney, Supply Staff, R.C.A.F. Maintenance  
Command Headquarters, Uplands, Ont.

Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 Equipment  
Depot, Weston, Ont.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1946







## MINUTES OF PROCEEDINGS

MONDAY, July 31, 1946.

The Special Committee on War Expenditures and Economies met at 10.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cleaver, Cote, (*Verdun*), Golding, Isnor, Marier, Marquis, Murphy, McCullough, (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*).

*In attendance:* Wing Commander E. G. Mahoney, of Supply Staff, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont., Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 Equipment Depot, Weston, Ont.; Dr. J. J. Brown, Todmorden, Ont.; Mr. J. S. Irvin, Assistant to the President, War Assets Corporation.

Wing Commander Mahoney was recalled and further examined.

He filed:—

Exhibit No. 11—Memorandum from W. J. J. Johnston, W.O.1., quoted by the witness respecting the cost of converting A/C Batteries 5J/22 for use in motor vehicles.

At 11.00 o'clock the Committee took recess to permit members to attend Routine Proceedings in the House.

The Committee resumed at 11.30 a.m.

Examination of Wing Commander Mahoney continued.

In the course of witness' examination, Mr. Murphy filed:—

Exhibit No. 12—Copy of advertisement by Charles H. Babb Company of Glendale, Calif., U.S.A., quoting prices on Battery Cart Batteries.

At 1.00 p.m., witness retired and the Committee adjourned until 3.30 p.m. this day.

### AFTERNOON SITTING

The Committee resumed at 3.30 p.m.

*Members present:* Messrs. Bradette, Cleaver, Cote (*Verdun*), Isnor, Marquis, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Shaw.

*In attendance:* Wing Commander E. G. Mahoney, of Supply Staff, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.; Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 Equipment Depot, Weston, Ont.; Dr. J. J. Brown, Todmorden, Ont.; Mr. J. S. Irvin, Assistant to the President, War Assets Corporation.

Wing Commander Foster was called and examined.

Witness retired and Wing Commander Mahoney was recalled and further examined.

At 5.05 p.m. witness retired and the Committee adjourned until Thursday, August 1, at 10.00 a.m.

R. ARSENAULT,

*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 31, 1946.

The Special Committee on War Expenditures and Economies met this day at 10.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided.

The CHAIRMAN: Gentlemen, if you will come to order, we will proceed with the business of the meeting. Wing Commander Mahoney is with us again today to carry on the evidence laid before you yesterday and to answer any further questions.

*By Mr. Shaw:*

Q. Mr. Chairman, yesterday Wing Commander Mahoney indicated that he was branch head, I believe, of the supply staff. Did I get that right?—A. I am a branch head of the supply staff.

Q. I wonder if the witness would indicate clearly the nature of his duties which he finds it necessary to perform?—A. My duties pertain mostly to the administration, that is, the equipment aspects of administration of certain types of air force units that come under maintenance headquarters, those types of units being, equipment depots, repair depots, explosive depots, and aeronautical inspection districts.

Q. Yesterday the witness gave technical evidence respecting the subject of batteries; his evidence had to do with the reconversion of batteries designed for a certain purpose, but which one may desire to use for some other purposes. May I ask him if his evidence was based upon what he had been told or upon actual experience which he, himself, has had?—A. The evidence I submitted, Mr. Chairman, was based on a written report given to me, which has been entered, a portion of it has been entered in the record.

Q. Would it be correct to say this, Wing Commander, that you, personally, have had no experience in the reconversion of batteries?—A. That is correct, I have had no experience.

Q. I might even carry that a step further and ask you if you have had any technical experience in connection with the subject of batteries?—A. In so far as the purely technical aspects of the construction of batteries are concerned, I have no experience.

Q. Yesterday you referred to the Department of Munitions and Supply order for 9,000 and some hundred batteries; you stated that the unit price was \$13 and some cents, I do not remember the exact figure. Could you give that?—A. The quantity originally ordered was 9,620, and the unit price was \$13.15 each.

Q. Yes, and later the order, I understand, was amended and it called for some 8,000 and some hundred batteries. Would you give that number, and the unit price?—A. 8,169 was the reduced quantity, and the unit price was \$14.68.

Q. Could you tell me what the difference per unit cost would be?—A. \$1.53.

Q. Could you indicate, or would you hazard a guess as to what the unit cost would be, had the order been reduced to 1,000?—A. No, I do not think I would be competent at all, Mr. Chairman, even to hazard a guess.

Q. May I ask if the witness has any information with respect to prices quoted for the single unit by establishments presently engaged in the manufacture of batteries similar to the one which you exhibited as evidence, 5J28,



the type of battery covered by this order to which we have just referred?—A. That is the 5J22. Neither have I the slightest idea, Mr. Chairman, as to the value of a single battery that might be purchased.

Q. I think that it is important, Mr. Chairman, because, if I recall correctly, when Dr. Brown gave evidence, he referred to the unit cost of one of these batteries as quoted in certain trade journals. I think it is extremely important that we bear that fact in mind when considering comparable prices. These batteries which Dr. Brown is stated to have purchased, bore the manufacturer's tag in each case. Would you tell us if the batteries which you had here yesterday as exhibits, bore the manufacturer's tag?—A. One does and one does not.

Q. Could you give us the reason for that situation?—A. No, I have not any idea outside of speculating.

Q. Could you tell us whether or not the batteries which the R.C.A.F. declared as surplus and subsequently disposed of bore the manufacturer's tags?—A. Not having seen the actual batteries, I could not say so; but I would be safe in saying that some did and possibly the majority did, but possibly some may not have been on it.

Q. Is it the custom in the R.C.A.F. to leave the manufacturer's tag on a battery even during the course of the use of that battery?—A. Not having seen many batteries actually installed in aircraft, I cannot provide an answer.

Q. I have just two other questions. Yesterday the witness used this expression, several times: "When we delivered batteries to Solway." Would you mind elaborating on that expression, "we delivered."—A. "We," meaning the R.C.A.F., Mr. Chairman; and "delivered" was probably incorrect. I should have said "released", because we did not actually deliver. Solway's trucks came to our No. 1 Equipment Depot and accepted delivery at that point.

Q. And yesterday you gave a number which was presumed to cover the total number of batteries which were declared surplus or useless to the R.C.A.F. and which were subsequently disposed of. Did that figure cover the whole of Canada or did it apply only to the batteries which were subsequently sold to Solway & Sons?—A. The figure I quoted yesterday pertained to those taken from stock and scrapped for the reason noted, and then received back from the units. They were declared surplus.

The CHAIRMAN: And what is the last part of your question, Mr. Shaw?

*By Mr. Shaw:*

Q. I just wanted to know whether or not that figure covered all batteries which were declared surplus and subsequently disposed of as surplus because of being no longer serviceable, of service requirements; did it cover all declarations of the R.C.A.F. in Canada or did it refer specifically to certain units?—A. These figures refer specifically to batteries scrapped by No. 1 Equipment Depot, Toronto, only, since the allegations revolved around that unit.

Q. On the last day the witness stated categorically that the R.C.A.F. did not take any surplus batteries, any mutilated battery—when I use that term I should specify it might include a battery injured in transit, in delivery, for example, or for some other purpose was no longer serviceable—you stated categorically that the R.C.A.F. did not mutilate any of these batteries before they are disposed of as scrap.—A. That is correct; we have no occasion to expend man-power on any mutilation since there is already sufficient wrong with the battery before we scrap it, so that mutilation is not justified.

Q. On February 15, 1945, an order was sent to the R.C.A.F. I might say that I believe the order was subsequently rescinded. It is recorded on page 345, and reads as follows:—

It is to be clearly understood that all R.C.A.F. equipment not listed above—

and I suggest that batteries are not listed above

and which is written off and placed in R.C.A.F. scrap bins is to be mutilated beyond possible repair. In this connection it is requested that instruction be given that mutilation must be carried out under the supervision of a competent officer or senior N.C.O..

Would you suggest that no comparable order is in effect to-day?—A. That is correct.

Q. You have no instructions from War Assets Corporation with respect to the mutilation of surplus or obsolete equipment?—A. We have internal instructions since last August, 1945, that under no circumstances is any mutilation to be carried out.

Q. I notice when Mr. H. F. Gordon, the deputy minister was giving evidence—I do not know the exact page, but it could be found with little trouble—he stated that following the rescinding of the order last August, that with the exception of the odd case, no further mutilation had been engaged in. To your knowledge you would state then, specifically, that no mutilation has been engaged in by the R.C.A.F. since the 1st September, 1945, that is, mutilation of surplus or obsolete equipment?—A. Yes, I am quite confident that we can agree that that is the case.

Mr. SHAW: That is all, Mr. Chairman.

Mr. McILRAITH: Just one point, Mr. Shaw. You made reference to the \$80 storage battery. I think the witness said that from one junk dealer he bought for \$5, an \$80 storage battery.

Mr. SHAW: I am making no reference to *Maclean's*; that is the article you have before you.

Mr. McILRAITH: Yes.

Mr. SHAW: Because actually we are not dealing with that, but with the subject of batteries as dealt with in the Winnipeg article; and my question had to do with evidence given by Dr. Brown before the committee. I believe he quoted a specified price of \$80, a price set by the manufacturers, if selling by the unit to an individual.

Mr. McILRAITH: That explanation is made in his evidence, but not in what he published. I just wanted that on the record, as he published it. There is quite a substantial difference.

*By Mr. Murphy:*

Q. I wonder if, Wing Commander, just in reviewing Dr. Brown's evidence, you heard him state that he could take this battery and change it in so many minutes and with very little trouble use it in his automobile. You would not deny that?—A. No, I thoroughly believe that Dr. Brown modified a battery in the manner he described.

Q. And the statement you made yesterday, which you submitted in evidence, as to the amount of time and material it would take or require to make a conversion—have you that statement here?—A. Yes.

Q. Incidentally, Mr. Chairman, are all the exhibits here this morning?

The CHAIRMAN: All that were placed on record are here.

*By Mr. Murphy:*

Q. I wonder if I could see them; I would like to call the attention of the committee to the date on this; it would be in evidence anyway; this memorandum filed by the Wing Commander yesterday is dated July 26, 1946. Estimated cost necessary for reconversion and installation. To whom was that sent, Wing Commander?—A. That is addressed to me, that memorandum.

Q. As a member of the air force?—A. As a branch head at Maintenance Command Headquarters.

Q. Yes. You obtained this estimate after the article was written?—A. Correct.

Q. Not before?—A. Correct.

Q. You never made any inquiry before as to what price was necessary to install a reconverted battery?—A. That is correct.

Q. It was only after the article was written that you got this estimate?—A. Correct.

Q. Now, I think, in your statement that was filed some time ago, you are referring to the conversation which you had with Dr. Brown. Before I go into that, I would like to go over this one particle of evidence as to your attempts to locate Dr. Brown in Toronto. Did you know, when you were attempting to locate him, his real name?—A. No.

Q. That he only had a pen-name?—A. I did not know that his name was Brown. I was looking for Dr. Boris Sherashevski.

Q. Did you know that that was a pen-name?—A. I had not the slightest idea that that was a pen-name.

Q. Yes, but you could have gone to the *Winnipeg Free Press* who had an office in Toronto, to find out where he was or his whereabouts?—A. I could have, except that before I interviewed him, I decided that I should look into the situation at No. 1 Equipment Depot, Toronto, and arrive at some conclusions, and then interview him. I proceeded to Toronto and I looked into the matter at No. 1 Equipment Depot; and it was at that time that I attempted to communicate with him or to ascertain his whereabouts.

Q. You could have gone to the *Winnipeg Free Press* in Toronto, however, and found out where this man was or where he was located?—A. Yes, I could have done that.

Q. You did not?—A. Because it was more convenient to meet him first in Toronto.

Q. In your memorandum of June 12, 1946, regarding your interview with Dr. Brown, the statements in it are, to all intents, true, so far as you know?—A. I would not have made them if there were any untruths in them.

Q. If you would look at paragraph 4—

An Hon. MEMBER: What page?

Mr. MURPHY: Page 834.

*By Mr. Murphy:*

Q. You say there, "He proposes modifying this battery after repairing it and use it in his motor boat."—A. During the interview—

Q. I am just calling your attention to that. You have it there?—A. That is correct.

Q. Yes.

The CHAIRMAN: The witness wishes to make a statement.

Mr. MURPHY: He has already answered as far as I am concerned.

Mr. McILRAITH: He has a right to answer the question.

Mr. MURPHY: I am just calling his attention to this statement, or this part of his statement. I assume that he has located it.

Mr. McILRAITH: Go ahead.

Mr. MARQUIS: I suggest, Mr. Chairman, that the witness has a right to give an answer when we call his attention to anything.

Mr. MURPHY: I was calling his attention to this statement, and he has this statement before him; I am going to ask him a question on that statement.

Mr. MARIER: You cannot stop him from answering.

Mr. MURPHY: He will answer the questions. I did not ask a question. I was calling his attention to a statement.



Mr. McILRAITH: I think the witness has a right to say what he wants to say on these things if it is strictly relevant; and there is not any suggestion of irrelevancy here.

Mr. MURPHY: When I ask questions, that is all right. I was simply calling his attention to a statement in paragraph 4. That is the particular paragraph I wanted to question him about. Now I propose to ask him a question. When you look through the evidence, you will find I had not put my question.

The CHAIRMAN: That is quite in order. Later if others wish to ask questions, it is all right.

Mr. McILRAITH: Proceed.

*By Mr. Murphy:*

Q. I have this fact now, that you say he had a motor boat?—A. No.

Mr. MARQUIS: No, Mr. Chairman. I object to that. The witness never said he had a motor boat. Mr. Murphy called his attention to part of his evidence and he said he did not put any question, so that he had no answer at all. So the witness cannot have said that he had a motor boat.

Mr. MURPHY: I am referring to the occasion of that interview. I would assume that every member of the committee knew that this statement contained the fact that he had a motor boat. I was not referring to anything the witness said.

Mr. MARQUIS: No; the fact that Dr. Brown said it, but it is not in evidence that he had one.

Mr. CLEAVER: I think your ruling is correct, Mr. Chairman. I do not think there should be too much interference between any member of this committee asking a question and the witness answering. If any questions are unfair, we can always re-question. I must say I do not think there should be too much interference. I think Mr. Murphy has the floor, Mr. Chairman.

Mr. MARIER: Mr. Chairman, I agree with that, that there should not be too much interference in cross-examining. But when the witness wants to answer, if you call his attention to a paragraph and he wants to complete his answer, I think he has a right to do so.

Mr. CLEAVER: But no question was asked.

Mr. MARIER: Yes. He asked him about paragraph 4. He called his attention to paragraph 4. He put a question and the witness had just started to answer.

Mr. PROBE: I think all the interruptions came from the rest of the committee.

Mr. MARIER: He should not be stopped from answering.

Mr. McILRAITH: It would be the first witness we have cut off so far.

Mr. MURPHY: I am not cutting off the witness at all. If you will go over the evidence you will find I was making a statement of fact on which the question was going to be based, and the fact was in this paragraph; and I called attention of the witness to that statement in the paragraph. I am subject to being corrected.

Mr. MICHAUD: That is a long statement in order to put a question.

Mr. MURPHY: I have heard long statements in this committee before.

Mr. MICHAUD: I have not heard them.

Mr. MURPHY: If you had been at all meetings, you would have heard lots of them.

The CHAIRMAN: Have you a question to ask with regard to paragraph 4, Mr. Murphy?

Mr. MURPHY: Yes.

The CHAIRMAN: Will you proceed?

*By Mr. Murphy:*

Q. You have heard Dr. Brown's evidence?—A. Yes.

Q. He said he did not own a motor boat.—A. Yes. He said he did not have a motor boat in his evidence; but he told me when I asked him what he intended using this battery for, that he proposed employing a switch which would permit it to be utilized for either 6 or 12 volts, or vice versa and use it in his motor boat.

Q. Yes. Well, the only point I am concerned about is the fact that you made the statement that he had a motor boat, and you heard Dr. Brown say that he did not have a motor boat.

Mr. MARQUIS: I object. On a question of order, Mr. Chairman, I think I have a right to raise an objection. Mr. Murphy is a lawyer. He knows that we cannot put in a question an affirmation which is contrary to the facts. Mr. Mahoney never said that Dr. Brown had a motor boat. He referred to his interview with Dr. Brown who said he had a motor boat. That is not the same thing at all. So we cannot assume that Dr. Brown had in fact a motor boat. Mr. Murphy has not the right to include that affirmation in his question in order to make us believe that it is in evidence that Dr. Brown had a motor boat and that Wing Commander Mahoney said so. Wing Commander Mahoney was referring to Dr. Brown when he said: "He proposes modifying this battery after repairing it and use it in his motor boat." It is quite clear that Wing Commander Mahoney was referring to the interview he had with Dr. Brown, and that he was only repeating what Dr. Brown had said to him.

Mr. PROBE: It does not say that.

Mr. COTE: It becomes more clear if you refer to the preceding sentence. It says, "He stated he obtained the battery to support his article in the *Winnipeg Free Press*. He proposes modifying this battery after repairing it and use it in his motor boat"—and so forth. So the witness practically quoted the words he received from Dr. Brown.

The CHAIRMAN: Will you proceed, Mr. Murphy?

Mr. MURPHY: I hope it is clear now. As I say, anyone would read this particular sentence, "He proposes modifying this battery after repairing it and use it in his motor boat."

Mr. COTE: Please read the preceding sentence.

Mr. MICHAUD: It is obvious that the statement is derived from the knowledge received from Dr. Brown.

Mr. McILRAITH: Oh, yes; that is quite clear.

Mr. CLEAVER: He has proved that Brown has made another misstatement; that is all.

Mr. MURPHY: I think that is a very unfair statement to make.

Mr. CLEAVER: It is not unfair. He demonstrated it beyond all doubt.

Mr. MURPHY: We have not had any demonstration of that yet. The fact that one member of the committee has said that it is just further evidence of inaccuracy in what Mr. Brown said is very unfair to any witness before this committee; and I think it is very unfair for any member of this committee to make such a statement.

Mr. CLEAVER: Oh, no, no. We will just settle that right now, if I may. Brown says he has not a motor boat. He tells the present witness that he was going to use this in his motor boat. Does that not prove the inaccuracy?

Mr. SHAW: On a point of order, Mr. Chairman, did Dr. Brown tell Wing Commander Mahoney that he had a motor boat?

Mr. CLEAVER: Yes.

Mr. SHAW: We are not going to take one witness in favour of another and prove anything.

Mr. MICHAUD: Is that not what you are doing?

Mr. PROBE: Oh, no reporter can get all this down, Mr. Chairman.

The CHAIRMAN: Mr. Murphy, will you proceed?

Mr. MURPHY: I think this is northern Ireland down here, Mr. Chairman.

*By Mr. Murphy:*

Q. At all events, I want it on the record right now that you heard Dr. Brown's statement when he said that he did not own a motor boat?—A. I heard that.

Mr. SHAW: You did not hear Dr. Brown make that statement.

Mr. MURPHY: The witness was there.

Mr. SHAW: That does not prove anything.

The CHAIRMAN: Gentlemen, the witness wishes to enlarge on this statement.

The WITNESS: Mr. Chairman, I have only this to add, that when Dr. Brown made the statement to me that he proposed repairing the battery and using a switch and use it in his motor boat, he said it in the presence of Wing Commander Foster who is here at your disposal.

Mr. McILRAITH: Maybe he was like myself, he had trouble in getting a motor boat.

Mr. SHAW: The priority did not come through?

Mr. PROBE: He might find one in Solway's yard.

Mr. CLEAVER: Just one more inaccurate statement.

*By Mr. Murphy:*

Q. You say you can account for all batteries that were destroyed, we will say, or declared surplus to War Assets?

Mr. MARQUIS: Pardon me, but I should like to know if Mr. Murphy is referring to batteries that were delivered to Solway & Sons, because we are dealing specifically with Solway & Sons, in order to know where we are going.

Mr. MURPHY: The general statement was made yesterday on the quantity of batteries.

Mr. MARQUIS: Pardon me—

Mr. MURPHY: If you will just sit down—

Mr. MARQUIS: I should like to know what Mr. Murphy wants.

Mr. MURPHY: There is one way of finding out.

Mr. MARQUIS: I want to know if he wants to know concerning all the batteries or only the batteries that were sent to Solway & Sons?

Mr. MCGREGOR: What is the difference?

Mr. MARQUIS: There is a great deal of difference.

Mr. MCGREGOR: We are discussing batteries. What is the difference where they went?

Mr. MICHAUD: Let us have the question over again.

*By Mr. Murphy:*

Q. The question was opened up yesterday. And I may say I am not going to confine myself to Solway batteries. I can tell you that right now. Have you a record of all the batteries that were declared surplus to War Assets?—A. R.C.A.F. has. I have not that with me.



Q. Can you get that list?—A. It can be provided. Up to what date would you like to have that information? Right up to date?

Q. Yes.

The CHAIRMAN: Would you set a date?

Mr. MURPHY: Right up to date.

The CHAIRMAN: That is, July 31?

Mr. MURPHY: That is right.

The WITNESS: Mr. Chairman, I assume this is a list of surplus serviceable batteries that have been declared to War Assets?

Mr. MURPHY: All batteries declared surplus.

The CHAIRMAN: Surplus to War Assets. They would be serviceable.

Mr. COTE: Serviceable and unserviceable.

The WITNESS: I should like to qualify the R.C.A.F. first, before attempting to provide that answer; because we declare batteries surplus and we also hand over to the scrap dealer on the authority of the scrap contract placed by War Assets Corporation, and those scrap batteries which we hand over to scrap dealers on this contract are not declared surplus.

*By Mr. Murphy:*

Q. I appreciate that. We all understand that.—A. So that, Mr. Chairman, the answer to be provided is as to all batteries that have been declared surplus.

Q. That is right. You would also have a record of all the batteries bought, would you not, Wing Commander?—A. Yes, we have such a list. It would take some man hours to go through our records and pick them all out.

Mr. CLEAVER: You are putting another \$1,200 question.

Mr. MURPHY: Speaking about a \$1,200 question, we did have one that cost \$4,000, they told us; but the first answer was not right. I assume the rest of them were about as accurate.

Mr. CLEAVER: You just want to throw money away to get inaccurate answers, then.

Mr. MURPHY: That is the way the government operates, apparently. That is the kind of answer we get. So there is your answer to that.

Mr. McILRAITH: You do not like the government in business.

Mr. MURPHY: That is right.

*By Mr. Murphy:*

Q. You spoke yesterday about the Exide battery, and getting an estimate from them as to repairing batteries, or from some battery manufacturers?—A. We approached them.

Q. You approached them.—A. Yes. Yesterday I said that we had approached the Exide Battery Company for their opinion as to the economic feasibility of converting a 12 volt battery to a 6 volt battery.

Q. Yes.—A. They declined to provide a statement to that effect because they considered it impracticable.

Q. In other words, they are the manufacturers of batteries?—A. That is correct.

Q. And they are not in the business of repairing batteries or reconvertng batteries?—A. That is correct.

Q. I would like to quote from page 265. In the last paragraph at the bottom of page 264 it reads:—

1. The destruction of equipment at ten R.D. can be classified under two main headings.

I will just refer to (b).

- (b) Equipment destroyed by air force personnel under specific arrangements made with War Assets Corporation as described in para. 4 of the previous answer to Mr. Shaw. The air force was given a receipt for this equipment and although our personnel were engaged in its destruction, it is not possible to state what was destroyed because a saleable or potentially saleable portion of it was moved from the site by the representatives of War Assets Corporation, and if any data is available as to the exact amount of equipment destroyed under this heading, War Assets Corporation will provide it. It is known, however, that included in this equipment were a great many Oxford aircraft which were burnt on the site at Calgary under the supervision of War Assets representatives as described.

Down further on that page there is this:—

It appeared in all the western papers that that was done.

I think I should probably read the first paragraph above that inasmuch as I want to question the witness on it. This is a question by Mr. Smith:—

Q. I do not care if it takes until doomsday, but I want to find out because I know personally that aircraft were landed at the municipal airport and flown to No. 10, a matter of a few miles away, and there they were destroyed. Now, those aircraft must have been serviceable to some extent because, surely, you would not let a young lad go up at the municipal airport and fly that thing over there to No. 10 unless it was serviceable to a considerable extent. But these planes were flown over there and they formed a part of that fire. My own son flew them and took them over there and I know what happened to them afterwards. Surely there must be some details of what was taken over there. I ask this simple question with respect to instruments: was a sledge hammer taken and the instruments smashed before the plane was destroyed? It appeared in all the western papers that that was done. Obviously the people who were engaged in that operation must be protected, but, is it your admission, quite frankly, that this fire burned as it did for weeks, yet there is no list of what went into the fire?—A. Well, Mr. Chairman, that is correct; in the R.C.A.F. hands, that is correct.

Q. Prior to June last spring?—A. That equipment was destroyed by the air force personnel after it was receipted for by War Assets Corporation and some of it was removed elsewhere. We have no specific list of what was destroyed, but we can produce a list of what we handed over to War Assets.

In the face of that, Wing Commander Mahoney, you would not be able to have a record of what happened to a great many batteries, would you?—A. We have an accurate record of batteries taken out of stock at No. 1 equipment depot and scrapped.

Q. I think you said that before several times, but I say in the face of the evidence that I just read to you, the questions and answers, you would not have a record of all batteries that had been destroyed, burned or otherwise disposed of?—A. No, the only record we have is indicating the quantities or types that have been scrapped and put on the scrap pile.

Q. That is from your—A. From our records.

Q. Your records do not show, for instance, what was burned at Calgary or Penhold, as the case may be?—A. No, our records merely indicate that the item or equipment was written off or struck off our charge and was converted to produce.

Q. I appreciate that. So apart from these batteries that were in the airplanes and were burned there may have been others as far as you know? As this statement would indicate there may have been others as far as you know?—A. I am not clear on the question.

Q. From the evidence which I quoted there may have been other batteries burned in addition to what were in the airplanes that were flown over and burned?

Mr. CLEAVER: Would you read the part of the answer that leads you to believe that? I do not read that in that.

The WITNESS: I am sorry if I appear dense.

*By Mr. Murphy:*

Q. I will let that answer ride for the moment. Maybe I can clarify it later, and it will give you a better opportunity to answer it more correctly. I should like you to turn now to page 370. This is appendix A. It is a summary of classification of items mutilated by R.C.A.F.

Mr. MARQUIS: At what place?

Mr. MURPHY: Starting right at the very top, appendix A, right under "Special Committee". It is a summary of classification of items mutilated by R.C.A.F. That appendix runs from page 370 right through to page 394. There is no use of enumerating each case. It is further supplemented on page 536. This is a submission by Group Captain V. S. J. Millard. He says here:—

Certain sections were inadvertently omitted from listings shown on pages 373 and 374 of the minutes of the committee meeting held Tuesday, May 21 and should be inserted under para B as detailed. These missing sections are tabled herewith.

That is on pages 536 and 537 and following on to page 549.

Mr. CLEAVER: That should be inserted under part B?

Mr. MURPHY: That is right.

Mr. CLEAVER: Part B is a list of radar equipment; is that right?

Mr. MICHAUD: Just where should that go?

Mr. MURPHY: This should be inserted under part B.

*By Mr. Murphy:*

Q. You have other names for batteries in your terminology, have you not?—A. We frequently call them—and they are described in our vocabulary of stores—as accumulators; that is lead acid type, and alkaline type.

Q. On page 376 you will find down near the bottom of the page under Liberator 26HL, reference number 1748, "accumulator". There is a blank in the next reference number but it says "accumulator". You have that, have you?—A. Yes, I see that.

Q. Those are batteries, are they not?—A. I doubt very much whether they are batteries.

Q. The reason I am asking you is that I understand they are. Can you say whether they are or are not?—A. On the basis of service knowledge I would say they are not lead acid accumulators nor are they alkaline accumulators because all batteries and all accumulators used in R.C.A.F. are carried under section 5J, not under 26HL, which is the section under which all Liberator spare parts are carried.

Q. I wonder if you can tell us from your records how many of those accumulators were destroyed?—A. Listed under 26HL?

Q. Yes, under reference number 1748?—A. No. I should like to ascertain whether the hon. member means mutilated or destroyed, mutilated or scrapped?



Q. The only thing I can go by here is your appendix. It says "mutilated". All these pages are a list of mutilated equipment.—A. That is further qualified further on in paragraph 2 where it says "May have been mutilated when repairable."

Mr. McILRAITH: What page is that?

The CHAIRMAN: 370.

The WITNESS: We have no record whatsoever indicating whether or not the accumulators listed under 26HL, 1748, were mutilated. They may have been, and as I said before once an item is written off and put on the scrap pile we do not know, or at that time did not know whether it was physically mutilated.

Q. Do you mean to tell me that in this list these articles were not serviceable?—A. I assure you they were not serviceable. They were repairable.

Q. And could be serviceable if they were repairable?—A. Since they were repairable, after examination by technical personnel only then could it be determined whether or not they were economically repairable.

Q. You heard Dr. Brown's evidence yesterday regarding certain equipment he obtained, some of which was new, and some of which he did not even have to repair to be serviceable, and he is prepared to produce that equipment.—A. I heard that.

Q. Do you agree he was correct in making that statement? Obviously I am not trying to trick you in my question, because there are thousands of articles here and any one with common sense would know there might be one or two and probably a great many more which might be new.—A. It is possible that some of the articles could be new. In that event they would have been declared surplus by the R.C.A.F. and disposed of by War Assets Corporation.

Q. As junk?—A. That is their prerogative; I have no knowledge.

Q. You still belong to the air force. So that it is obvious to all even new equipment which was declared surplus by you to War Assets could be disposed, from the evidence you heard yesterday, to junk dealers?

Mr. MARQUIS: I object. This is only a conclusion from a member of the committee. The witness cannot say what War Assets may have done. Dr. Brown gave his testimony and if he is not contradicted his testimony remains, but I do not think that any member of the committee should ask the witness if, after having heard Dr. Brown's testimony, he would conclude that perhaps War Assets had disposed of some material which was serviceable and was destroyed afterwards. That is not evidence at all. Mr. Murphy is a very good lawyer and I think he knows that.

Mr. MURPHY: I am only a \$5 a year lawyer.

Mr. MARQUIS: They are the best ones.

Mr. MURPHY: I have been in business so long I have forgotten all about law.

Mr. MARQUIS: Perhaps I am only a \$1 a year lawyer.

Mr. MURPHY: Would the reporter read the question? I think you will find I am asking you to refute or admit the accuracy of Dr. Brown's statement respecting equipment.

Reporter reads:—

So that it is obvious to all even new equipment which was declared surplus by you to War Assets could be disposed, from the evidence you heard yesterday, to junk dealers?

Mr. MURPHY: I submit that is a fair question.

The CHAIRMAN: Your question is as read?

Mr. MURPHY: That is it. Well, the answer is "yes".

Some Hon. MEMBERS: Oh, no.

Mr. MURPHY: It is the only answer he can give.

The WITNESS: Having no knowledge, Mr. Chairman, no precise knowledge of the manner in which War Assets disposed of, and to whom, I do not know whether any new or unused or otherwise serviceable equipment could have been on scrap piles.

*By Mr. Murphy:*

Q. You are speaking as an officer of the R.C.A.F.?—A. Strictly.

Q. Now, until we get that list, Wing Commander Mahoney, of what was mutilated under this order you could not enlarge upon your answer, could you?—A. I do not understand—what was mutilated?

Q. What we have been referring to under the Liberator 26HL accumulators—until you have the quantity you could not give any information as to the quantity?—A. No, I have no information as to the quantity that may have been scrapped whatsoever.

Mr. MURPHY: I am through for the moment, Mr. Chairman. Do you want to adjourn?

The CHAIRMAN: You have another five minutes until the bell rings.

Mr. MURPHY: I have had so many interruptions that I will never get through until to-morrow.

Mr. MARQUIS: You should thank me.

Mr. MCGREGOR: Might I ask a question?

The CHAIRMAN: Mr. Murphy has the floor.

Mr. MURPHY: That is all right; he is my boss.

*By Mr. McGregor:*

Q. You made a statement yesterday that the first order of batteries—at least the last order of batteries was purchased, I think you said, at \$14.68?

The CHAIRMAN: The first order.

The WITNESS: The last contract, Mr. Chairman, placed by the Department of Munitions and Supply on behalf of the R.C.A.F. was for \$14.68. There probably were previous orders or purchases.

Mr. STEWART: And that was for 5J22.

*By Mr. McGregor:*

Q. You do not know what the price was of the previous orders, or what contracts were let out?—A. I do not know.

Q. Your first contract was 9620 at \$13.50?—A. Correct.

Q. And it was cancelled and the new order was for 9169 at \$14.68?—A. That is correct.

Q. There was a difference there in that case of 1,451—1451 batteries cancelled?—A. That is correct.

Q. Had the whole order been produced at the original price 1,451 batteries would have cost approximately \$4.50. In other words, they could have had the order—they could have had the last 1,451 batteries for \$4.51 apiece?—A. It could be construed that way, Mr. Chairman. However, had we bought and taken delivery of the entire 9,620 it remains that we would have paid \$13.15.

Q. You would have paid what?—A. \$13.15 each.

Q. Yes, \$13.15 apiece, and by cancelling them you cancelled the order—you could have had your 9,000 batteries and the last 1,451 batteries would have cost you \$4.53 apiece. You probably did not need them.—A. That is the reason why the order was decreased.

Q. You did not need those batteries?—A. Correct.

Q. There have been no orders placed since that time?—A. This is the last order that was placed and no orders have been placed since.

Q. How many of those particular batteries have you in stock at the present time?—A. Across Canada I do not know, but at No. 1 equipment depot in Toronto we have 474.

Mr. STEWART: As of what date is that?

The WITNESS: Within the last week.

*By Mr. McGregor:*

Q. You have 474 in stock that have never been used?—A. Not having examined them I cannot verify that they have not been used.

*By Mr. Marquis:*

Q. Is that the whole stock?—A. That is the entire stock of 5J22.

*By Mr. McGregor:*

Q. What is your total stock of batteries at the present time?—A. Across Canada?

Q. Yes.—A. I do not know, but we can provide that information if you require it.

Q. Will you do that; and probably you could give us a statement of how many of these batteries have been sold, scrapped or destroyed. Probably it would be just as well to give us how many have been purchased, how many are in store, and how many are in scrap.

The committee took recess at 11.

The CHAIRMAN: Mr. Murphy.

Mr. MURPHY: Mr. Chairman, I had not intended to be back so soon, and I left some questions with Mr. Stewart to be asked in my place. That is up to you, Mr. Chairman; but Mr. Stewart has three or four questions that he was going to put in my absence.

Mr. STEWART: Now, I am not sure which questions Mr. Murphy was going to ask unless it so happens that the questions I was going to ask are along parallel lines. But I would like to ask the witness what is the air force terminology for a battery?—A. Dry batteries are known as—

Q. Let us say the sort of battery we are discussing?—A. Accumulators lead acid.

Q. Is it known just as an accumulator sometimes?—A. Accumulator lead acid is the correct description.

Q. Is it always used correctly? Sometimes we just put down part of a phrase instead of the full thing.—A. When people refer to accumulators, which is an English expression, they automatically think of batteries, and the short version accumulator is frequently used.

Q. Very frequently used; I think we use "batteries" and you use the term "accumulators"?—A. That is correct.

Q. That is in every case?—A. Not necessarily in every case. I would like to correct that, Mr. Chairman.

Q. Yes, please do so.—A. As a matter of fact, further to substantiate the statement I made previously in respect to one of the points brought up by one of the honourable gentlemen, referring to accumulators, appearing in appendix "B" on page—

The CHAIRMAN: You have the page there, Mr. Murphy, tell us what it is.



*By Mr. Stewart:*

Q. Page 376, I think.—A. On page 376, under Liberator, 26 H.L., the item shown has reference to No. 1748 accumulator. I have since ascertained that that is an accumulator which is cylindrical, which is a cylindrical device used on the hydraulic system of a Liberator aircraft.

Q. What is the difference between that terminology and the ordinary battery we are discussing here? The particular type we are discussing is an accumulator; and what I am discussing, in your terminology, is still an accumulator. Is that correct?—A. For the purpose of correctly describing an article such as a battery, 5J22, we would describe that as accumulator, lead acid, 12 volt 40 ampere hour, type "B"; whereas if we had occasion to refer correctly to the accumulator referred to on page 376, we would call it an accumulator, hydraulic system.

Q. But the accumulator on page 376 then is not properly described?—A. It is correctly described, but it is the short version of the description, used for ease in typing. We just refer to it as an accumulator, since the reference number 1748—when you refer to the parts catalogued distinctly and clearly, indicates precisely what it is.

Q. Yes, but the point I am trying to make is that an accumulator is commonly used to describe a battery even though it is not the full name.—A. Agreed.

Q. Now, on page 837 again, I refer to your analysis of the *Winnipeg Free Press* article. In section 18, you say:—

Further, the R.C.A.F. maintains no batteries were mutilated to qualify them as scrap.

The CHAIRMAN: What number are you referring to?

Mr. STEWART: Number 18, on page 837. That, I think, is a fairly wide statement. Perhaps the witness would like to qualify it from the point of view of the impression given here being that at no time were batteries mutilated to qualify them as scrap. Is that what the witness means?

The WITNESS: I mean, Mr. Chairman, that at no time were batteries mutilated at No. 1 Equipment Depot for the purpose of making them scrap.

*By Mr. Stewart:*

Q. At no time, during the period of the war? Or, if you like to pin it down, at no time prior to last August?—A. I will qualify that by stating that at no time during the past five years at No. 1 Equipment Depot.

Q. At no time during the past five years at No. 1 Equipment Depot.—A. For the purpose of making them scrap.

Q. Were any orders given at any time for the mutilation of any equipment, R.C.A.F. equipment, which was no longer usable?—A. Instructions were received from War Assets Corporation at one time to mutilate.

Q. I do not want the witness to fall into what may appear to be a trap. I do not want that to happen at all. I would like to introduce a copy of a letter which I have: file 1027-R-97, a letter from Mr. H. F. Gordon, Deputy Minister for Air. The letter is addressed to Rossen Engineering and Construction Company in Winnipeg. Part of it states:—

Your comments in respect to mutilation have been carefully considered. It has always been the practice of the R.C.A.F. to mutilate equipment, particularly spare parts or accessories used on aircraft or personal equipment identifiable to and peculiar to the R.C.A.F.

Mr. CLEAVER: What is the date of that letter?

Mr. STEWART: The 30th of January, 1945. I quote that to show that, in the deputy minister's opinion, there have been orders issued for the mutilation of all equipment identifiable with the R.C.A.F. The witness states that in the last

five years no such mutilation has taken place at No. 1 Equipment Depot. Perhaps he could give us an explanation as to how we can reconcile that statement with the order which the deputy minister alleges was published.—A. May I further qualify my statement in respect to no mutilation at No. 1 Equipment Depot for the past five years. I was referring specifically to batteries.

Q. Yes?—A. And I could only suggest that batteries do not necessarily come under the categories of the equipment referred to in that letter.

Q. Well, it is a fairly general statement of the deputy minister to mutilate equipment; I would assume that was all equipment, spare parts or accessories. However, I accept the witness' statement.—A. I would like to qualify my statement further. The file number of that letter is?

Q. 1027-R-97.

Mr. MARQUIS: I suggest that this letter should be filed.

Mr. STEWART: I am quite willing to file it.

Mr. MARQUIS: So the witness may see the letter.

The CHAIRMAN: We could easily procure one from the deputy minister.

Mr. STEWART: Here is the copy.

The WITNESS: That file number on this letter makes reference to equipment which we carry in our 27 section, hydraulic, pumps, some type of hydraulic pumps, undercarriage parts, wheels, tires, tubes and equipment of that nature. Normally, to include the range of electrical equipment our file number would be 1005, indicating electrical equipment carried.

*By Mr. Stewart:*

Q. Although I am not willing to produce the rest of the correspondence because I have not yet received permission to do so, the correspondence of the deputy minister had no reference to these things which the witness is talking about; and while I am not accusing him whatsoever, I maintain that the deputy minister's statement, so far as I am concerned, leads me to believe that the order was for all equipment that had to be mutilated. It is possible though that batteries could have been mutilated without the knowledge of the witness or of the responsible officers of the air force at No. 1 Equipment Depot?—A. It is possible; but during the course of my investigation, whilst at No. 1 Equipment Depot, I enquired into the probabilities of that, and I refer to it in my first report which has been tabled. I consulted a Mr. R. C. Brown who has been employed in the salvage section of No. 1 Equipment Depot for the past five years, who stated that they never had occasion to mutilate unserviceable batteries, since the plates were salvaged, the cases were broken, or otherwise so damaged that mutilation would have been a waste of effort.

Q. But you are dependent on the word of somebody else.—A. Exactly.

Q. And it is possible that somebody else may not have been in possession of the full facts; that it is possible that mutilation did occur without your knowledge.—A. It is, and it would be a contravention.

Q. According to the evidence that was submitted to this committee, on page 252 of the record, there was a table given headed, Statistics, surplus material declared \$628,721,675—I am reading from page 252—to be declared; \$240,174,003. There is about \$668,000,000 worth of surplus material to be declared and obviously material which was usable; but I think it would be equally obvious that there would be millions and millions of dollars' worth of stuff which was scrapped; if you are going to declare \$668,000,000 worth of usable material, there must have been millions of dollars' worth which was scrapped. Would the witness agree with that?—A. I have no knowledge whereby I can agree with it.

Q. But it would be a probability that the air force did have scrap marked.



Mr. MARQUIS: I do not think we should put a question like that. We have no figures. I would not dispute the honourable member should he refer to some statement on some grounds; but he says, if there are about \$600,000,000 worth declared and \$200,000 to be declared, it is obvious that there should be millions.

Mr. STEWART: No, no, you are dealing with millions of dollars' worth of material to be declared. If \$868,000,000 worth have to be declared, it is probable that there was a great amount of scrap, millions of dollars' worth of scrap.

Mr. MARQUIS: How can we ask the witness about that? If it is possible or probable, then it is our own deduction, and we can come to our own conclusions.

The CHAIRMAN: I think all Mr. Stewart wants is a guess and I do not think it matters very much one way or another.

*By Mr. Stewart:*

Q. We do know that at Penhold a large quantity of material was destroyed, but that is the only station we have investigated. We do not know how much was destroyed because the air force could not tell us. Is it possible that amongst all this scrap which was destroyed, there might have been mutilated batteries?—A. I have not studied the situation at Penhold. Mr. Chairman, since my terms of reference, in my appearance before this committee, surround batteries; but I have recollection that a list of equipment was tabled at page 394. No, it must be some other place.

Q. It starts at page 370.—A. Page 370? No, I believe I am incorrect; but I thought I saw a list in here with the heading "Penhold".

Mr. SHAW: Page 394; I think this is the list referring to Penhold; yes, it is.

The WITNESS: Yes, and since there is no equipment in the list under 5J which is the section under which we carry batteries, I have no knowledge of any batteries having been mutilated at Penhold.

*By Mr. Stewart:*

Q. This list is a list of W/T and Radar equipment only; it is not an inclusive list by far; it is only wireless and radar equipment. May I ask the witness if he was at No. 1 E.D. last year for any length of time?—A. On several occasions; the precise dates I do not know at this time.

Q. Just probably for a day or so at a time?—A. Correct.

Q. So that the knowledge you have got of what went on at No. 1 E.D. you have taken in good faith on the word of other people?—A. Yes, and from the records of No. 1 E.D.

Q. And from the records. But you have got no personal first-hand knowledge of what happened at No. 1 E.D.?—A. That is correct.

Q. And it is possible that mutilation may have occurred so far as you personally know. Now there is another question I should like to ask the witness. He referred yesterday to batteries, 5J 27. Was that the 12 volt, 67 ampere battery?—A. That is a 12 volt.

Q. You gave us the price of the battery as \$18.20, but on page 653 of the evidence, in the table headed "Following in stock converted to produce" on the fourth line from the bottom there is "1 battery, 5J 27, 12 volt, 67 ampere hour, original total value, \$28.43." I wonder if the witness would reconcile the difference between the \$18.20 which he gave us and the \$28.43 given in the statement?

Mr. REID: What page is that, Mr. Stewart?

Mr. STEWART: Page 653.

Mr. MURPHY: Those are referred to there as accumulators, are they not?

Mr. STEWART: Accumulators.

The WITNESS: Our original vocabulary price for 5J 27 was \$28.43.



*By Mr. Stewart:*

Q. What do you mean by "original vocabulary price"?—A. Determined from a previous contract. Our vocabulary has not been amended up to date. The last contract placed was for \$18.20 and in our due course our vocabulary will be amended from \$28.43 to \$18.21, plus some margin that the air force may have—I do not know what—to cover costs.

Q. Can you tell us when that contract was made?—A. October 13 or 15—

Q. The month will do.—A. 1943.

Q. So that there is a spread of almost 3 years and yet the vocabulary has not been amended to provide the proper present cost. Is this carried through in other parts of the vocabulary. How often is it amended to bring the costs up to date?—A. I do not know. The first amendment to the original prices was issued in March, 1944 and the second one in December, 1945: that is the second amendment list. And in neither the first nor the second has that been amended.

Q. When does the air force expect to get around to that? This is perhaps not a fair question, but I should like know when one could expect the air force to get around to putting in the proper value now.

The CHAIRMAN: I think, Mr. Stewart, it is only fair to the witness to say this. At our meetings certain members insisted that the original cost of the article be included in any returns made. I think you will recall that; and I think in this return which was made, if you look at the heading you will see it is the original cost of that particular battery.

*By Mr. Stewart:*

Q. May I ask the witness what the date, the 14th November, 1945, means on that statement?—A. Where does that date come in?

Q. On the same line, 5J 27, on the left of that.—A. The date opposite 5J 27 is CV W 72, 14th August, 1945.

Mr. CLEAVER: He is reading further down, CV W 127, 14 November, 1945.

The WITNESS: 14 November, 1945; that is the date of our conversion voucher or form E-98 on which we struck that battery off our charge and converted it to produce. I should like at this particular point, Mr. Chairman, also to qualify the various references I have made in using the expression "reduction to produce." That merely means we are reducing it on paper from serviceable or from repairable to scrap. It does not mean that we are physically mutilating or anything like that.

*By Mr. Stewart:*

Q. At the risk of repetition, I want to make this point, that you cannot tell this committee from personal knowledge—or let me put it this way. The statement has been made from No. 1 E.D. that no batteries within the last 5 years have been mutilated. But you cannot say so from your own personal knowledge?—A. No. I am saying it on behalf of the R.C.A.F.

Q. Thank you.

*By Mr. McGregor:*

Q. I referred a few minutes ago to the cost of these batteries and I think I asked the witness if he had any of the other contracts—or if he had the previous contract. He said he did not. But now, could he probably tell me why there is the difference between \$18.21 and \$28.43?—A. I do not know, Mr. Chairman; but I would venture to suggest that that is probably due to the difference in quantity that was purchased.

Q. You have not got the quantity of those purchased?—A. Not on the previous contract; only on the most recent contract.

*By Mr. Shaw:*

Q. Mr. Chairman, may I ask the witness if it would be fair to say that the Royal Canadian Air Force to-day is acting as agent for War Assets Corporation for the disposal of surplus equipment? You are actually engaged in disposing of surplus R.C.A.F. equipment, are you not?—A. We are handing surplus equipment over to War Assets and we do act as an agent for them when, in instances, the equipment is still in our custody and they provide us with a sales order and we hand it over to the purchaser that they designate on this sales order.

Q. Have you any written authority from War Assets Corporation under which you do actually act as their agent?

Mr. CLEAVER: Other than delivery of stocks.

Mr. SHAW: What is that?

Mr. CLEAVER: You mean other than actual delivery of stocks.

Mr. SHAW: Yes, that is right.

The WITNESS: I am not aware of any specific written instructions or authority in that respect. But we also raise a blanket declaration for various types of scrap, unspecified quantities. That blanket declaration goes to War Assets Corporation against which they negotiate a contract with some scrap dealer; and that contract or sales order authorizes us to hand over our accumulations of recurring scrap to the dealer with whom they have negotiated the contract. In that case we are acting as agent of War Assets.

*By Mr. Shaw:*

Q. Would you have any document sent to you by War Assets Corporation setting forth the procedure which the Royal Canadian Air Force must follow in acting as agent in any way whatsoever for War Assets Corporation?—A. I do not know.

Mr. SHAW: May I ask this, Mr. Chairman, that the witness check that and if such an order or set of instructions, or whatever you may wish to call it, exists, would the witness kindly have that tabled?

*By Mr. Murphy:*

Q. There is another question, Mr. Chairman, I should like to ask in view of the difference in prices of this same type of battery. I wonder if the witness has, from his own knowledge, any other prices that have been paid for the same type of battery?—A. I am sorry, Mr. Chairman, I have no knowledge of any other prices, without referring to records or previous contracts; except that I also have here our vocabulary of stores and we concede that the prices in there are not accurate. It is due to pressure of work and inability to keep the book amended up to date, and it is for that reason I brought the actual copies of contracts for the most recent purchases.

Q. Have you any for small quantities?—A. Not with me.

Q. Would you tell us the smallest quantity you purchased of the same type?—A. I do not know. I am sorry.

Q. Could you get the information for us?—A. Yes.

Q. You appreciate, Wing Commander, what we are wanting now is the cost to the R.C.A.F. of these batteries in different quantities?—A. May I enquire if that applies to 5J 22 only or the type exhibited by Dr. Brown and myself?

Q. I think maybe the ones that have been under discussion will be sufficient. You have not seen any of the ads. in any of the trade papers as to the consumer price of those batteries?—A. No. I do not have the opportunity to see trade papers.

Q. Your remarks generally, Wing Commander, have been confined to this one depot, have they not?—A. That is correct; because the allegations revolve around No. 1 Equipment Depot.

Q. That is right. And your present inventory of batteries is what? You gave it this morning, I think?—A. Of the 5J 22 at No. 1 Equipment Depot, it is 474.

Q. Yes.—A. They may have received some more in the last few days or have issued a few in the last few days.

Q. Would it be much trouble for you to give us a list of the aggregate number of batteries that have been bought by the R.C.A.F. since 1939? I suppose you only deal with two or three firms?—A. I think it is possible, Mr. Chairman, for us to provide a list of all the 5J 22's that have been purchased since 1939, and I shall endeavour to do so.

Q. Will you include the prices and quantities, Wing Commander?—A. Yes.

Q. And at the same time can you give us the number that have been scrapped in that period because of sulphation of the plates, accidental damage and other legitimate causes?—A. I doubt, Mr. Chairman, whether we can provide that since 1939. I have provided it for the last two years; that is for the fiscal years 1944-45 and 1945-46. It would involve a considerable amount of work and research.

Mr. MURPHY: I would suggest that we leave that question and if it is necessary to have it answered, we will ask you later. That is all for the moment, Mr. Chairman.

*By Mr. McCullough:*

Q. Mr. Chairman, arising out of some of the evidence that we have got from the witness, there seems to be a few contradictions between the present witness and Dr. Brown. Particularly for my own information, I should like to try to get the thing straight. I understand that Wing Commander Mahoney has said that he is not a technical engineer or perhaps certain evidence that you have given has only been, as you have stated, where the source of your information was other parties. Is that true?—A. Yes. And some of it is elementary, what we learned in high school physics.

Q. That is right. And you have stated that for battery 5J 22, the exhibit of Dr. Brown, the cost to the air force under the contract you have tabled was \$14.68.—A. That is correct.

Q. In reference to the battery which was declared surplus the total value originally, as recorded on page 653, was \$28.23, a differentiation in price over \$10; is that correct?—A. That is correct.

Q. And that is exactly the same type of battery?—A. Correction. As to the 5J27 referred to on page 653 with an original value of \$28.23 in the last contract for that particular battery the cost was \$18.21. This is the 5J27 and it is not the battery exhibited by Dr. Brown.

Q. Can you tell me what would be the difference? Is it the same type of battery in regard to plates, or is there a difference in the quality of those two batteries?—A. I would say there is no difference in the quality except a difference in current or ampere hour rating of the two batteries. The 5J27 is a 67 ampere hour battery whereas the 5J22 is a 40 ampere hour battery.

*By Mr. Cote:*

Q. Are they not the two exhibits you produced yesterday?—A. They are the two exhibits which I demonstrated yesterday.

*By Mr. McCullough:*

Q. I understand that one battery you had yesterday was 5J22 as exhibited by Dr. Brown?—A. I had both, 5J22 and the 5J27. I have them right here.

Q. Then there is no declaration of the 5J22s.—A. We have not removed any 5J22s from stock and scrapped them.



Q. Are both these batteries interchangeable for the same purpose on aircraft?—A. It is possible on some types. However, they are a different size, and they are not generally interchangeable due to the difference in the size.

Q. I think you stated yesterday that battery 5J27, the 60 ampere, 57 pound battery, came from the factory originally with two packed in one box?—A. That is correct.

Q. And does the battery exhibited by Dr. Brown come in wooden crates or in cartons?—A. What I said was that the 5J22, the battery demonstrated by Dr. Brown, has always been supplied to the R.C.A.F. in cardboard containers.

Q. And on any occasion would they be in wooden crates?—A. It is possible that a battery issued out to an R.C.A.F. station and in due course of time returned as surplus to the equipment depot might have the cardboard carton deteriorated, and the R.C.A.F. station could construct a wooden packing case.

Q. On occasion?—A. On occasion.

Q. You do that?—A. We do.

Q. And you had a snapshot or photo of certain batteries that had come from a factory and all those in that picture were in cardboard cartons?—A. That is correct.

Q. And would you say that there was no possibility of the R.C.A.F. receiving any batteries of the 5J22 type in wooden containers? I think that is quite important because the witness made an estimate of the number of batteries—

Mr. COTE: Which witness are you referring to?

Mr. McCULLOUGH: —at Solway and Sons in the stock pile.

Mr. COTE: Dr. Brown?

Mr. McCULLOUGH: Yes.

The WITNESS: I can only repeat again the evidence I have already given, and that is that at no time since August, 1940, has No. 1 equipment depot received accumulators, 5J22, from the manufacturers packed in individual wooden cases or crates.

*By Mr. McCullough:*

Q. That is for No. 1 E.D. station?—A. That is correct.

Q. I think you made the statement that you had a positive recollection of showing the contract between War Assets and Solway and Sons, the scrap dealers, to Dr. Brown; is that correct?—A. That is correct.

Q. And you said you were positive of that?—A. I am positive, and I have Wing Comander Foster here who was a witness.

Q. But I think you said you were not sure if you had read it or if Dr. Brown had read the contract?—A. That is correct.

Q. Can you give the reason you are not positive that you had read it or that Dr. Brown had read it and yet you are positive that you showed it to him?—A. Yes. My recollection of having shown it to him is very definite because I remember leaning over towards him on his chesterfield to show it to him. I will concede in Dr. Brown's favour that he may not have read the entire contract. I was primarily and only interested in clarifying that Solway and Sons were prohibited from selling batteries, and I showed him the clause on the sales order.

Q. When you were in Toronto did you go to Solway and Sons junk depot?—A. I did.

Q. Did you see any batteries there?—A. Very few; I did see some.

Q. You never saw a pile as stated by Dr. Brown in his evidence?—A. No, I did not.

*By Mr. Stewart:*

Q. May I ask to whom did you speak when you were at Solway's yard?—A. I have spoken to the three Solways, the elder and the two sons.

Q. Did you ask them all the same questions?—A. Not all of them the same questions. As a matter of fact, I only asked the sons questions. One of the sons is the yard man and the other son is the office manager.

*By the Chairman:*

Q. I think the evidence given yesterday was to the effect that there was just the elder Solway and one son. You say there are two sons?—A. There are two sons to my knowledge, and possibly more.

*By Mr. McCullough:*

Q. At the time you were in Toronto in your conversation with Dr. Brown did he say when he had seen these batteries?—A. Yes. I assumed that he saw them in October because I asked him at what time he had got this so-called prize exhibit of his.

Q. In October. What was the date of your visit?—A. The 7th of June to Dr. Brown's.

Q. That is 1946?—A. 1946.

Q. Would you say that there was any possibility of there being any pile of batteries or additional batteries to the pile you had seen in Toronto in Solway's yard?—A. I am sorry, but I do not get the meaning of the question.

Q. You said you saw very few batteries when you were there. Could there have been a possibility there was a further pile or piles of batteries in Solway's yard?—A. Not visible in the yard because one of the Solway sons took me through his yard to show me several different piles of different scrap that he had, and I did not see any other pile. The pile I did see, which was very small, was in the same place described by Dr. Brown.

Q. So you would then say that the batteries were no longer where Dr. Brown had seen the pile he refers to in his evidence?—A. They had gone by the time I was there.

Q. In your evidence you made reference to a type of battery known as 5J643, a 6 volt battery, which could be used in motorboats and which cost the air force \$5.32. You referred to that battery as being applicable to motorboats and general car use; is that correct?—A. That is correct.

Q. And that when reference was made to the change over of the 12 volt battery referred to as 5J22 you stated that the cost would be around \$10 for reconversion?—A. No, what I said was that the cost of reconverting and adapting a 12 volt—

Q. Full adaptation?—A. Full adaptation and modification to the car would be \$14 estimated plus \$2 material, plus the original cost of the battery, whatever the individual would pay for it, together with the cost of any repairs to the battery that may be required.

Q. The point I wish to make here is that would make the total cost not feasible for the total adaptation of the battery. Then I think evidence was given that an ordinary car battery serving that purpose would cost around \$5 or \$6.

Mr. MARQUIS: \$10.

*By Mr. McCullough:*

Q. Between \$5 and \$10: a standard battery would cost around \$5 and a better type battery would cost around \$10.—A. to my knowledge you can buy a standard automobile type battery anywhere from \$7.50 up to around \$12 for better quality.

Q. And for the type of Exide battery with 17 plates just under \$20?—A. Approximately; I have no precise knowledge of that.

*By Mr. Probe:*

Q. I should like to ask the witness if his duties are such that he is exclusively employed, and has been during the last number of years, in connection with duties at No. 1 equipment depot, or has he been, in the headquarters establishment, concerned with all equipment covering the entire Dominion of Canada or all air force on this side of the water?—A. For the years 1942 to 1945 I was employed on field inspection visiting our equipment depots, repair depots and explosive depots throughout Canada very frequently. After that period, early in 1945, I was placed in a position at air force headquarters which precluded me from visiting the field frequently.

Q. In connection with your duties you would have a fairly comprehensive knowledge, as far as it is possible for an individual to have, of all types of equipment connected with the service of which you are a member?—A. I have broad general knowledge.

Q. Is there in your mind a distinction as between the word "equipment" and the word "accessories" as used in the letter of the deputy minister that was tabled a few moments ago?—A. Accessories would come under the general term "equipment".

Q. Then, referring specifically to batteries or accumulators would you link those under the general classification of aircraft accessories? I might explain that the reason I ask that is that there are statistics on page 252, which were referred to a short time ago, dealing with articles which had been declared surplus by R.C.A.F. to War Assets Corporation, and accumulators or batteries do not show there, but there is a general heading of accessories amounting to \$101,000,000 declared surplus to War Assets Corporation. Would you just glance down that page of surplus materials and indicate what your impression is, having general knowledge of R.C.A.F. equipment, as to under which of those various headings you would put surplus accumulators or batteries?—A. Surplus accumulators or batteries would be declared under the heading of "General Electrical", and not under the heading of "Accessories".

Q. You, in your official capacity, would be familiar with all instructions. I presume, that emanated from War Assets Corporation with respect to materials that they were about to acquire from you due to your declaring them surplus.—A. No, that comes under another branch head.

Q. Let us put it this way. They have tabled here certain specific instructions with respect to the disposal of certain types of equipment, and under your routine orders then, if under no other category, you would be apprized; it would be automatic. I take it, that all instructions going to your staff would go down to commands and to the stations.—A. In the form of air force routine orders; anything so promulgated I would be aware of or could refer to it.

Q. So this letter of February 15, 1945, that is on page 344 and 345, the gist of this letter, if not the entire letter, was passed on to the responsible officers throughout Canada of the R.C.A.F.—A. Yes, I have recollections of that having been promulgated in the form of an air force routine order.

Q. I want to refer more specifically to the last paragraph but one on page 345.

The CHAIRMAN: So as to identify that letter, it is a letter from War Assets Corporation.

Mr. PROBE: Yes, that is right. I thought I had said that. It is from War Assets Corporation and it bears the signature of Mr. J. R. Douglas, chief aircraft division, and is addressed to the Secretary, Department of National Defence for Air.



*By Mr. Probe:*

Q. It would, in the normal course of duty, be passed down to all responsible officers of the R.C.A.F.; and now I want to refer to that because it says, in the last paragraph but one:—

It is to be clearly understood that all R.C.A.F. equipment not listed above and which is written off and placed in R.C.A.F. scrap bins is to be mutilated beyond possible repair.

Mr. MARQUIS: Are there any batteries in the list?

Mr. PROBE: There are no batteries in the list on pages 344 and 345; that is, to my non-technical brain, I cannot make out where the word "battery" would fit into this. Perhaps I should halt and ask Wing Commander Mahoney: do the various items enumerated on pages 344 and 345 cover batteries or accumulators specifically?—A. No.

Q. Then I would take it that batteries or accumulators would specifically fall into the instructions that are contained in the paragraph which I started to quote. I just want to complete that paragraph:—

In this connection it is requested that instruction be given that mutilation must be carried out under the supervision of a competent officer or senior N.C.O.

In other words, surplus batteries would, if this order were carried out, by force of necessity, if no longer serviceable, have to be mutilated beyond the possibility of repair.

Mr. MARQUIS: This question cannot be put. The honourable member is referring to a letter giving instructions to mutilate some material, but batteries are not included in this list of material and if the honourable member wants to put to the witness a question asking if they had instructions to mutilate batteries—I am referring to the letter; that letter must contain the words "battery" or "accumulator" in itself.

Mr. PROBE: I would like to make my line of reasoning perfectly clear. I thought that I was clear, but I will go over it again. There is on page 344 and 345, in the letter from War Assets Corporation to the Department of National Defence for Air, a list of equipment which is, no longer serviceable, to be retained in its whole state. It is enumerated. Now then, in the paragraph which I read—I would like to read it again:—

It is to be clearly understood that all R.C.A.F. equipment not listed above and which is written off and placed in R.C.A.F. scrap bins is to be mutilated beyond possible repair.

The CHAIRMAN: That is category "E"; that applies to category "E".

Mr. PROBE: Well, that is correct. Category "E" equipment, I believe, has been brought out here and we can bring this up again. Mr. Shaw followed the line of reasoning here some weeks ago in which he secured from responsible R.C.A.F. witnesses a definition of class "E" equipment. Unfortunately, I cannot refer to the page. Perhaps Mr. Shaw would find it for me.

Mr. SHAW: Page 348.

Mr. PROBE: And in class "E" equipment was contained all such material, as I recall it, which was no longer serviceable in the opinion of the responsible R.C.A.F. officials. Is that correct?

The WITNESS: I think, Mr. Chairman, I can provide the honourable gentlemen with an answer.

*By Mr. Probe:*

Q. Perhaps you can just re-define class "E" equipment, since I was remiss in not finding the page.—A. I would prefer to provide the answer which I think you want. Whilst War Assets Corporation may have issued this direction, and whilst it was entirely promulgated within the R.C.A.F., the R.C.A.F. did not necessarily follow that to the letter of the law in respect to batteries, since, as I have already said, there was sufficient wrong with the batteries to preclude them from being used again, in so far as the R.C.A.F. is concerned.

Q. Normally that would be the case.—A. So, we would not expend manpower or effort further to mutilate them.

*By Mr. Marquis:*

Q. It was not necessary further to mutilate them; they were scrapped.—A. Yes.

*By Mr. Probe:*

Q. On that basis, then, this new battery which Wing Commander Mahoney has said was a new battery, the one we have presented as an exhibit by Dr. Brown, was accidentally or otherwise mutilated beyond repair. It was no longer necessary for you to do something else further to mutilate it.—A. If that battery was damaged, as it undoubtedly was, in some manner which we attribute to accidental damage, not mutilation, any battery damaged in that manner would be sufficient in our opinion to constitute mutilation in so far as War Assets Corporation directed, although we do not deliberately mutilate it.

Q. I do not wish to discredit Wing Commander Mahoney in any way; I want that to be perfectly clear; but we have here a battery which was mutilated according to R.C.A.F. standards, and yet in the opinion of a tinker or a garage operator we had here an exhibit which had every evidence of usability. Now then, both these situations might be true, yet I maintain that the R.C.A.F. has, in this particular at least, not followed the directive issued by the War Assets Corporation, since the battery we saw was not mutilated beyond possibility of repair.—A. The R.C.A.F. concedes the honourable member's point, sir.

Q. Yes, that is fine.—A. Except, taking into consideration the cost of repair and the difficulty in getting replacement parts; it was due to the scarcity of material and labour that we would not go to the trouble of repairing such a battery ourselves.

Mr. CLEAVER: Would you mind one interruption, Mr. Probe?

Mr. PROBE: No, not at all.

*By Mr. Cleaver:*

Q. You would not permit sending up a plane in the air which was equipped with a damaged battery, even though it was tinkered-up, as Dr. Brown suggested?—A. Under no circumstances, Mr. Chairman; the R.C.A.F. prides itself on its high standard of serviceability.

*By Mr. Probe:*

Q. All the members of the committee are in 100 per cent agreement with Mr. Cleaver in so far as using equipment which was not at least 100 per cent perfect. I am not trying to insinuate in any way that the air force should have used this equipment or that there was any question about serviceability.

Mr. CLEAVER: I misunderstood it.

Mr. PROBE: No. The point I was trying to make was this. As I say, I thought it was clear. I am beginning to see now why Mr. McGregor sometimes flies off the handle. The point I was trying to make was that the War Assets

had given instructions to mutilate beyond all possibility of repair; and that the air force in their judgment felt that such a situation had been arrived at with respect of this surplus equipment, even though some of the rest of us might be able to repair it for other purposes. I think that is understandable too.

Mr. MCGREGOR: While you are there, may I ask a question?

Mr. PROBE: Go ahead. Make it brief though.

Mr. MCGREGOR: Arising out of a statement that the witness made a few minutes ago.

The CHAIRMAN: Louder, please.

Mr. MCGREGOR: And a statement, too, by the hon. gentleman at the other end of the table. Were any batteries repaired for planes?

The WITNESS: I believe that at one time an effort was made in the interests of economy to repair them. Otherwise in 1944 we would not have conducted an investigation into the economic feasibility of so doing. As the result of that investigation it was ascertained that the cost of shipping, tearing down, dismantling, repairing, reassembling and shipping back to the R.C.A.F. exceeded the cost of the case, as a general rule; that is, the outer case.

*By Mr. McGregor:*

Q. Then after 1944 there were no repairs made?—A. That is correct.

Mr. MCGREGOR: Okay.

*By Mr. Probe:*

Q. May I return for one brief moment to a combination of the letter of the deputy minister and a table on page 252 of the accessories declared surplus. There were about \$101,000,000—I cannot read very well, but I think the figures are \$101,693,796—worth of accessories declared surplus by the R.C.A.F. Am I correct in assuming from the combination of that figure and the letter tabled by Mr. Stewart, that it was on the instructions of the deputy minister that these accessories be sold or disposed of, or declared to War Assets Corporation as scrap?—A. Oh, no. It is my understanding that the deputy minister's letter referred to repairable equipment or unserviceable equipment at the time. When we would convert something after examination by technical people and it was ascertained to be unserviceable, then it went in the scrap pile and, under the terms of the deputy minister's letter, was probably mutilated.

Q. And in those circumstances would this heading "Accessories" contain scrap material?—A. No, sir.

Q. That was new accessories?—A. That is usable equipment.

Q. Very good. Returning specifically now to batteries, would the Wing Commander tell the committee this? Did the R.C.A.F. make a practice of returning unsatisfactory batteries to Munitions and Supply or to the original makers of the batteries? Exide was mentioned, I believe.—A. It was common practice for the R.C.A.F., on receipt from the manufacturer at each equipment depot after inspection, for any substandard equipment or equipment not complying with our specifications to be rejected and returned to the contractor.

Q. And in no circumstances taken into stock?—A. That is right.

The CHAIRMAN: Mr. Probe, would you mind my just interrupting for a moment?

Mr. PROBE: No.

The CHAIRMAN: I do not know how long you wish to keep the Wing Commander, but it is just 10 minutes to 1 now. Are we to meet this afternoon?

Mr. MARQUIS: Yes.

Mr. STEWART: I should think so.



The CHAIRMAN: I was rather anxious to so arrange matters that Wing Commander Foster might be called just to substantiate certain statements made, because he is anxious to get away.

Mr. PROBE: I believe I can finish in 5 minutes.

The CHAIRMAN: You think you can finish in 5 minutes?

Mr. PROBE: Yes.

The CHAIRMAN: If you could carry on for that 5 minutes this afternoon and we could call Wing Commander Foster now it would facilitate matters.

Mr. PROBE: You mean to finish my questioning this afternoon?

The CHAIRMAN: Yes. Would you mind doing that?

Mr. PROBE: I have no objection to deferring my questions until then.

Mr. MURPHY: Mr. Chairman, I have only two questions. I will not be here this afternoon.

The CHAIRMAN: In that case we will allow Mr. Probe to go on.

Mr. MURPHY: With your permission, Mr. Probe, I should like to ask two questions.

Mr. PROBE: Yes. I will defer my questions.

The CHAIRMAN: Mr. Murphy asked me before, and I am trying to meet the wishes of the air force in this regard. If these are going to be extended questions, it is not worth while for us to consider doing that.

Mr. MURPHY: I just want to put these questions on the record. Maybe if he cannot answer them he could get the information.

The CHAIRMAN: Yes.

*By Mr. Murphy:*

Q. Wing Commander, I think you produced a battery at \$5.35 cost to you?—A. No, not a battery that cost \$5.32. I did not exhibit it since it is a conventional type with which I considered the majority of the committee were familiar.

Q. What battery did you exhibit?—A. A 5J 22, the same type of battery as that exhibited by Dr. Brown; and a 5J 27, another aircraft type of battery that is not supplied with bakelite covers.

Q. What is the price of those?—A. The 5J 27, \$18.21; the 5J 22, similar to Dr. Brown's, \$14.68.

Q. And what was the other battery?—A. The other battery I referred to, which was an automotive type, 5J 643, our last purchase price was \$5.32 each.

Q. And what quantities did you buy those in?—A. 600.

Q. Did you ever buy them in small quantities?—A. I think I have something here. Yes, we made a purchase in December, 1942, of a quantity of 40 and the price was \$4.31 each.

Q. Have you had a price this year on them?—A. I do not know.

Q. You have not the manufacturer's list on that battery?—A. No. Unfortunately, the prices that we bought at are all negotiated by the Department of Munitions and Supply.

Mr. MURPHY: I think, Mr. Chairman, we should have the manufacturer's list produced for this committee, or at least a retailer's list of the prices of these various batteries to the consumer. There has been, I will not say a discrepancy; but the evidence has varied very widely as to the price. We appreciate that the price Dr. Brown gave was the consumer price. We also appreciate, as members of this committee, that the price the Wing Commander gave was the price at which they obtained them in large quantities from the manufacturer. I submit that we should have the consumer price brought before this committee.

The CHAIRMAN: Just what do you mean by that—those three particular types?

Mr. MURPHY: That is right.

The CHAIRMAN: I would point this out. When you requested certain information from Dr. Brown, I stated that I did not feel that it was in the best interests to produce prices of private concerns. I would say that if you procure this information, the cost to the Department of Munitions and Supply in respect to batteries 5J/22, 5J/27 and this 5J/643, then you would have the information that is necessary. Then we could enquire as to the retail prices if you wished.

Mr. MURPHY: That is all I want. I want the retail price, the price the consumers pay for these batteries. I should like to submit as an exhibit an ad which has been appearing in the *Trade-a-Plane News* of Crossville, Tennessee, for the first few months of the year. There is a battery there under this description, "Battery cart batteries—Exide—new high capacity—for 6—12—24 volt starting, \$35."

Mr. MARQUIS: Does it say the price?

Mr. MURPHY: \$35; that is the price to the public. I should like to have that marked as an exhibit.

Mr. CLEAVER: Do I understand that to be the United States price?

Mr. MURPHY: That is the United States price.

Mr. CLEAVER: The present United States price of butter is 85 cents a pound.

Mr. PROBE: This is not butter.

Mr. CLEAVER: Why go around in other countries? Why not put on the record the Canadian price?

Mr. STEWART: Why not take automobiles.

Mr. MURPHY: I would ask the chairman to see that the prices are produced.

Mr. CLEAVER: I wish to register my objection to any type of evidence of that kind being taken by a parliamentary committee.

Mr. MURPHY: It is quite all right for you to register your objection, but the exhibit is there, and we are going to get the consumer price finally of that particular battery. If Wing Commander Mahoney will identify the exhibits put in by Dr. Brown yesterday, the labels that were taken off the batteries—

Mr. CLEAVER: Do I understand we are going to take an ad out of a United States paper and ask this committee to accept it as evidence?

Mr. STEWART: It has been quoted and I ask that it be filed.

Mr. COTE: On a point of order, I cannot see how a member is empowered to file exhibits here unless he takes the stand. I cannot see any relevancy.

Mr. STEWART: The suggestion has been made that when anybody reads from an article the article should be filed. Mr. Murphy is merely carrying out the practice which has been insisted on and if he cannot file it I ask that it be filed and recorded.

Mr. MICHAUD: I also object to it. I do not believe it is receivable in evidence.

Mr. MURPHY: Objection noted.

The CHAIRMAN: Mr. Murphy, not being as well versed in legal matters—

Mr. MICHAUD: Who is presiding here?

Mr. MURPHY: If you control this committee so we can hear down here we will go ahead.

The CHAIRMAN: To be quite frank you are about as hard to control as any member of the committee.

Mr. MURPHY: Sometimes an Irishman is hard to control.

The CHAIRMAN: What I was going to ask was do you wish the entire ad as it appears to be filed and printed?

Mr. MURPHY: Yes.

The CHAIRMAN: Do you wish to read it or consider it as read?

Mr. MURPHY: I was referring only to the one battery.

The CHAIRMAN: What connection has it with the 5J 22? It is not the same battery. We will file it. We will file the prices of the three batteries on there.

Mr. MURPHY: Yes, because I do not see how you are going to separate it.

The CHAIRMAN: I do not see any objection to it.

Mr. MARQUIS: Call a witness from the United States.

Mr. MURPHY: I wonder if the clerk will get the exhibits that were filed yesterday by Dr. Brown, the labels attached to these batteries?

The CHAIRMAN: It is 1 o'clock gentlemen.

Mr. PROBE: If I had known these people were going to take so long I would have finished.

Mr. MARQUIS: Can we not finish with Wing Commander Mahoney this morning?

The CHAIRMAN: Apparently not.

Mr. MCGREGOR: Will we get the answer this afternoon to the question as to how many batteries have been bought and how many are in stock?

The CHAIRMAN: We stand adjourned until 3.30 when the batteries will be exhibited.

The committee adjourned at 1.05 p.m. to meet again at 3.30 o'clock p.m.

---

The committee resumed at 3.30 p.m.

The CHAIRMAN: Now, gentlemen, I think I see ten chairs occupied. I was suggesting, if you will recall it, that Wing Commander Foster was here and was rather anxious, if we were going to call him, that we do so to-day so that he could return to his unit. If that is agreeable, I shall call Wing Commander Foster and you can recall Wing Commander Mahoney later.

**Wing Commander F. F. Foster, Chief Equipment Officer, No. 1 Equipment Depot, Weston, Ontario, called:**

*By the Chairman:*

Q. Would you give your name, Wing Commander, in full?—A. My name is Wing Commander F. F. Foster, and I am Chief Equipment Officer, No. 1 Equipment Depot, Weston, Ontario.

*By Mr. Marquis:*

Q. Mr. Chairman, I wish to ask two or three questions to Wing Commander Foster, particularly this question. Were you present when Dr. Brown had an interview with Wing Commander Mahoney?—A. I was present.

Q. On the 7th of June?—A. I have no record when, but it was on the same date as in the record, I was with Wing Commander Mahoney.

Q. During that conversation, was there anything said about a boat?—A. Yes, there was, Mr. Chairman.



Q. Will you tell the committee what was said?—A. If I recall the conversation correctly, Wing Commander Mahoney asked Dr. Brown what use he was going to put the battery to which he had in his possession; and Dr. Brown stated that he intended to use it in his boat.

Q. And what about the contract, was there any discussion?

Mr. PROBE: Do you mind asking him if he got from that the impression that Dr. Brown had a boat at that time.

*By Mr. Marquis:*

Q. Did Dr. Brown say that he had a boat?—A. Yes, he stated he was going to use the battery in his boat.

Mr. MICHAUD: I think that is as far as we can go, Mr. Chairman. Inferences are for us to draw.

*By Mr. Marquis:*

Q. What was said about the contract between Solway & Sons and the federal government?—A. Dr. Brown asked Wing Commander Mahoney if it were true that Mr. Solway was not permitted to sell batteries? Whereupon Wing Commander Mahoney showed Dr. Brown the contract pointing out the pertinent paragraph, providing that the batteries had to be broken down and sold for metal only.

Q. Where did that conversation take place?—A. In Dr. Brown's residence.

Q. In Toronto?—A. In Todmorden.

Q. Near Toronto?—A. I imagine about seven miles out.

*By Mr. Shaw:*

Q. I believe the witness stated that he showed him that section of the contract that refers to batteries.—A. He showed him the contract whereby metals which are on the contract would have to be melted down. I have not got the contract in front of me but I could refer to it.

*By Mr. Marquis:*

Q. I think that the contract is filed.—A. Yes, if I could see the contract I could refer to it.

Q. Would you refer to the particular clause of the contract and quote it before the committee?

In accepting this scrap sale contract the purchaser hereby agrees to the following: That material sold shall not be used for any other purpose except that of remelting.

Q. Yes; and as to the question of the dispute or quarrel with War Assets Corporation, what was said about that?—A. When discussing the point about obtaining material, it appeared that Dr. Brown was unable to get materials through this junk yard, namely, Solways, which he required. As Wing Commander Mahoney stated, and I have the same impression left with me, the impression that Dr. Brown was annoyed with War Assets for stipulating with the junk dealers not to sell material in its whole state.

Mr. MARQUIS: That is all.

Mr. PROBE: Mr. Chairman, I think that many of the questions that I would have asked of Wing Commander Mahoney could fit in relevantly here and for that reason I propose to continue to question Wing Commander Foster.

The CHAIRMAN: But we can recall Wing Commander Mahoney, you know; it is just a matter of putting this evidence on the record.

Mr. PROBE: All right, then, I will hold my questions.

*By Mr. Shaw:*

Q. May I ask the witness if the contract to which we have already referred was read to Dr. Brown, or did he read it himself?—A. That I cannot recall; the only thing I can recall is that Wing Commander Mahoney took the contract out and showed it to Dr. Brown.

Q. Do you recall Wing Commander Mahoney's reading any section of the contract to Dr. Brown?—A. All I can remember is Wing Commander Mahoney's pointing out that pertinent clause to Dr. Brown.

Q. Would you say Dr. Brown did or did not have the contract in his hands at that time?—A. I could not say.

*By Mr. Michaud:*

Q. Did you get the impression that Dr. Brown had taken cognizance of that particular paragraph or not?—A. I was under the impression that he had.

*By Mr. Cote:*

Q. Were you here since the beginning of the examination of Wing Commander Mahoney by this committee.—A. Yes, I was.

Q. You have heard his evidence since the beginning?—A. Yes.

Q. Are you in a position to corroborate everything he said concerning that interview between Dr. Brown and himself?—A. I am.

Q. Have you been at the yard of Solway & Sons?—A. I have.

Q. Are you still in a position to corroborate what he said about his visit to Solway's?—A. I was not with Wing Commander Mahoney when I visited that yard; I visited it a short time before that.

Q. Has your visit to Solway's yard given you some information other than what Wing Commander Mahoney has obtained?—A. I obtained no further information than the evidence which Wing Commander Mahoney has given.

Mr. COTE: That is all.

*By Mr. McGregor:*

Q. Can you tell me how many batteries were in the yard at the time you were there?—A. When I was there about the same amount as when Wing Commander Mahoney was there, a very small pile.

Q. How many?—A. I would not attempt to guess.

Q. It was not 2,000?—A. No.

Q. 200?—A. Closer to 200 than to 2,000.

Q. Somewhere between 200 and 2,000?—A. No, I would rather not answer that question, but I would say less than 200.

*By Mr. Cote:*

Q. Would you call that a small pile?—A. To tell the truth, it was the first time I have had occasion to visit a junk yard, so I have nothing to compare it with.

Q. I mean as compared to a pile of 2,000 batteries?—A. I have never seen a pile of 2,000 batteries in my life.

*By Mr. Probe:*

Q. I have a few questions to ask the Wing Commander in his capacity as Acting Commanding Officer.—A. I am just Acting Commanding Officer in the last few weeks.

Q. I got that information a few moments ago; in your capacity rather as Equipment Officer, you would be in a position to say whether or not materials that left No. 1 Equipment Depot to go to scrap dealers or to any purchasers from War Assets Corporation were the produce of your own operations, or whether or not they had been brought in for disposal at a central point such as No. 1 Equipment Depot.—A. I think I might, before answering that question,

point out that I am just a recent appointee to No. 1 Depot and that during the battery discussions I was overseas, at the time, so I cannot answer any questions regarding batteries.

*By Mr. McGregor:*

Q. The witness has been brought here to corroborate what the other officer has said.—A. As chief officer of the depot I accompanied Wing Commander Mahoney on his visit.

*By Mr. Probe:*

Q. You were there as a witness of the interview solely?—A. As a representative of No. 1 Equipment Depot, in that No. 1 Equipment Depot was named.

Q. What is the present practice then with respect to scrap which you allowed to be turned over through contracts to scrap dealers? Is it produce or scrap or surplus which is taken away? Is that material which has been put into scrap bins solely from the operations of one equipment depot now, or is it first of all brought in from other stations and then channelled out from No. 1 Equipment Depot?—A. An equipment depot is not responsible for accepting other than suitable equipment. The only equipment we would put into produce bins from another unit is that which has been damaged in transit.

Q. It was sent to you as surplus, and it was your intention to use it in your own operations—A. That is correct.

Q. But occasionally a part of it might be reduced to produce because of damage which it suffered or damage which had transpired?—A. That is right.

Q. You are not in a position to say whether that is long standing or simply current policy?—A. All I can say is that it is the policy since I have returned from overseas.

Q. You are not in a position to say whether you have whole copies of the contracts at your depots, the contracts between War Assets and the scrap dealers?—A. They should be on file at the depots; I have not seen them, but they should be on file at the depots.

Q. That one which Wing Commander Mahoney took with him, was it borrowed from your files?—A. I do not know where Wing Commander Mahoney got his copy.

The CHAIRMAN: Thank you.

*By Mr. McGregor:*

Q. I wonder whether this witness or Wing Commander Mahoney could tell us the dates of delivery of these batteries from this depot.—A. I have done nothing in respect to the investigation of this battery situation other than to accompany Wing Commander Mahoney to see Dr. Brown. I cannot answer any questions.

*By Mr. Shaw:*

Q. When did the witness become chief equipment officer at No. 1 Equipment Depot?—A. January 1st, 1946, and assumed duties on February 1st.

Q. Since the date upon which he took over at No. 1 Equipment Depot have any batteries been disposed of to scrap dealers from that unit?—A. I believe that is in evidence. I have not checked it myself, but I believe it is on file here that on the 25th of March, 1946, No. 1 Equipment Depot, fifty-one went to Solway Brothers.

Q. Are you aware at all of there being any set of instructions—or, shall I say for the sake of better expression—on file at your depot, directed to that depot by the R.C.A.F. and originating with War Assets Corporation, and setting forth methods for the disposal of surplus?—A. I am not aware of any instructions other than the ones I have issued myself.



Q. You have issued instructions yourself?—A. I have issued instructions that nothing is to be mutilated on the depot under any circumstances whatsoever.

Q. My question has to do with disposal, not necessarily mutilation.—A. Disposal is, if it is correct, it will be disposed of under contract as laid out by War Assets Corporation. I personally supervise scrap to ensure that nothing is going out which should not go out.

Q. What about specific instructions from War Assets Corporation?—A. The only instructions I know of are the scrap contracts which we hold at the depot.

*By Mr. McGregor:*

Q. Those fifty-one batteries are the only batteries sent out in your time?—A. Up to the time this report was tabled, the time Wing Commander Mahoney made his investigation. If any have gone subsequent to that time, I do not know.

Q. But these are the only ones you know of?—A. The only ones I know of. I have not investigated this, as I have said before; and I am only going by what I see in the minutes here. I have had no occasion to investigate what quantities have gone.

The CHAIRMAN: Are there any further questions? If not, I shall excuse Wing Commander Foster. Thank you very much.

Wing Commander Mahoney will now be recalled.

### **Wing Commander E. G. Mahoney, recalled:**

The CHAIRMAN: By the way, Wing Commander Foster, you will be able to return in case we need you at a later date?

Wing Commander FOSTER: Yes.

*By Mr. Probe:*

Q. In view of the fact that our two air force witnesses both drew attention to having seen a small pile of batteries estimated at somewhere around 200, and in view of the fact that Mr. Brown at the time of his visit, some eight or nine months previously, to the Solway Company scrap pile, states that he estimated the pile to be perhaps several thousand batteries, I would like just to pursue that matter of collection of batteries in the area where No. 1 Equipment Depot is situated, just a bit farther. Therefore, I should like to ask Wing Commander Mahoney if, in his official capacity he can tell us what other air force stations there are in the vicinity of No. 1 Equipment Depot which might do business with Solway & Sons, or who might at some time, before the policy as outlined by Wing Commander Foster, might have been, in some other form, go through No. 1 Equipment Depot?

The CHAIRMAN: And I think it is only fair, Mr. Probe, to say, on behalf of Dr. Brown and the two witnesses from the air force, that the times of the visit were different dates.

Mr. PROBE: That is right; but the number of batteries that came from No. 1 Equipment Depot, according to the air force records, to Solway & Company, during the period mentioned in the evidence, I think, September or October, or just before then, was something like 400 or 500.

Mr. McILRAITH: Fifty-seven in June 1945, 314 in October, 1945, another 75 earlier this year, and another 31 in March of this year.

The WITNESS: It would be after this period.

*By Mr. Probe:*

Q. Yes, I would like to get the picture in my mind as to what sources Solway & Sons have of getting scrap other than No. 1 Equipment Depot.—A. The only information I have in that connection, Mr. Chairman, is another copy of a contract placed by War Assets Corporation with Solway & Sons, for accumulation of scrap metal, from October 1st to December 31st, 1945.

The CHAIRMAN: A three month period.

The WITNESS: Yes, a three month period, for the accumulation of scrap from six R.C.A.F. units, specifically, No. 6 I.T.S. Toronto; No. 5 I.T.S. Belleville; R.C.A.F. station, Mountain View; No. 1 E.F.T.S., Camp Borden; No. 31 B.G. School, Picton; and No. 1 Equipment Depot, Toronto.

*By Mr. Probe:*

Q. The reason I ask that question is that a dealer is likely to try to get his stock in trade from whatever possible sources; and while according to the impressions of Dr. Brown, No. 1 Equipment Depot was the only one involved, to my mind it is quite conceivable, from my knowledge of military matters, that there could be many depots involved in that pile of scrap. Has the witness any statistical information to show the weight or extent of produce sold during, say, the period of last summer from any of these stations to Solway & Sons?—A. No, Mr. Chairman. We did not extend our investigation to that extent since some of these units have closed and particularly since the article in the *Winnipeg Free Press* indicated in the allegations that 2,000 batteries came from No. 1 Equipment Depot and they were mutilated in the same manner for the purpose of making them scrap.

Q. Of course, in my own opinion, I could readily see that any one of a dozen stations could be involved in this proposition, and that is why I asked this specific question. May I ask further whether detailed records are kept at the different stations of mutilation and/or reduction to scrap?—A. There is no record whatsoever of any mutilation. But these units, all R.C.A.F. units, do maintain a record—not a detailed record—of what has been converted to produce. It is all recorded on our various tally cards, as we call them. In commercial life they would be ledger sheets. In order to get that information, it would be necessary to plough through several thousands of these tally cards.

Q. Some similar information came to this committee before from War Assets, but we did not pursue it very far. Does the form of that record list the unit quantities, or does it list the weights of the various chief metal components?—A. It could be either or both.

Q. That, of course, to my mind would not be a very clear-cut method of distinguishing whether there were 60 carburettors in a bin or not. You could not get to the stage of distinguishing as to the contents of a scrap bin, could you?—A. Once we convert something to produce on paper, that equipment is thrown in a scrap pile; we will have several scrap bins and we merely sort the metal by its predominant metal and put it in that. For example, the body and air scoop of a carburettor would be mostly aluminum or aluminum alloy. Hence it would go into the aluminum alloy bin.

Q. And the batteries or accumulators would go in what form of bin?—A. Lead.

Q. And would be regarded as so many pounds of lead?—A. In some cases some of our units record their scrap batteries; they strike them off charge as batteries and bring them on as so many pounds of scrap lead. No. 1 Equipment Depot used to do that, but in December 1943 they ceased that practice; and when they struck them off as batteries, by a reference number for a particular type, they brought them on charge as so many whole scrap batteries.

*By the Chairman:*

Q. That would be a more efficient manner of keeping check?—A. That is correct.

*By Mr. Probe:*

Q. It would be your unqualified statement that anything that went through No. 1 Equipment Depot at all times as scrap to Solway & Sons and originated there, if mutilated, was mutilated in transit from No. 1 Equipment Depot? That is, you were not a gathering agency?—A. No, very specifically not. No. 1 Equipment Depot is not a gathering point for repairable equipment.

Q. Is it a repair point?—A. No, it is not. It is a storage point for new serviceable equipment for issue out to R.C.A.F. units. We have a repair establishment at Trenton known as No. 6 Repair Depot, and they only have certain capacity to repair certain classes of equipment. Other repairable equipment, if it is to be repaired, goes out to civil repair contractors.

Q. I am interested in one further point and that is with respect to the cardboard containers in which the 5J 22 battery was contained, and referred to by Dr. Brown. As I recall Dr. Brown's evidence, he stated to us that this was in a wooden container. There is no possibility of being wrong in that inference. I should say that if he stated "wood", it could not have been cardboard. It had to be wood if he so stated. I could imagine a lot of other discrepancies, as to the 200 or 2,000. That to me is a matter of guesswork, but it is not as between wood and cardboard cartons. I recall also that Dr. Brown said this, that it was possible to remove the cover of the battery proper, the bakelite cover, by simply moving the springs on the side. To my mind that gives an impression that this wooden container, according to Dr. Brown, might have been a container of some other type of battery. For that reason I ask you this question. Within your experience, what types of batteries would come to any one of the stations near Toronto in containers other than cardboard cartons? Because I can imagine that we would have many types of containers in use by the air force, even though your experience as far as No. 1 E.D. is concerned with the 5J 22 is the cardboard carton. What experience have you with respect to wooden containers for other types of batteries of perhaps larger size, preferably, because that would get back in line with my theory on this thing?—A. As I have already stated, 5J 27 comes two to a wooden container; 5J 20 and 5J 22 come packed in cardboard cartons individually; 5J 643, the automotive type, comes in a cardboard carton.

Q. The 5J 27 which is packed in pairs in a wooden container obviously would not, to my mind at least, support a single 5J 22 even loosely. There would be too much play to consider the container at all. Have you experience with Exide batteries or the equipment types of batteries in other parts of Canada than the Toronto district? Have you seen them in containers?—A. I have seen them and handled them during the course of my service.

Q. And you could state unequivocally that the 5J 22's are packed in cardboard in every section of Canada, as far as you know?—A. As far as I know, when supplied from the manufacturer.

Q. I see.—A. It is quite conceivable and probable, and I recollect having mentioned this in my evidence previously, that batteries can get out to R.C.A.F. stations, the cardboard containers can deteriorate or become broken or damaged in the process of shipment and thrown away; and if that unit has occasion to return some of these batteries to the equipment depot after six months as serviceable, it is quite conceivable that they would manufacture a case locally.

Q. I see. Did you see the battery at Dr. Brown's home, the 5J 22, in a container or by itself?—A. It was by itself, sitting on the floor of his living room.

Q. I do not think I have any other questions.



*By Mr. McCullough:*

Q. Mr. Chairman, the witness spoke of contracts that the R.C.A.F. had with War Assets for the disposition of certain declarations of equipment. Was there any time in your recollection that No. 1 Depot had not room for such surplus equipment? The first question I should like to ask is this. Did you ever act as a holding depot for War Assets? Is there any understanding that where equipment was declared surplus, you or your staff undertook to look after that until it could be disposed of?—A. That occurs frequently where we declare equipment to War Assets Corporation and for different reasons they do not immediately assume custody, physical custody, nor remove it from our property, in which event we warehouse it on their behalf; and in many cases they will send us a sales order authorizing us to hand it over or ship it, charges collect, to the purchaser.

Q. In that regard, this equipment which might be at your depot declared surplus by you, might still be held there pending instructions from War Assets for disposition?—A. Correct.

Q. Secondly, do you receive such equipment from other R.C.A.F. depots or centres?—A. Only if another equipment depot is being closed down or if the stock of a particular item at an equipment depot is low or nil; then we do transfer stock from one depot to another to equalize the stocks so that a depot which has a nil stock can supply to some of the units in its geographic area.

Q. In the Winnipeg *Free Press* article it says, "The R.C.A.F. depot is crowded and must make room in some way for mountains of equipment brought in from other depots recently closed down." The R.C.A.F. version says, "At the period Dr. Brown speaks of (i.e. October, 1945) no other equipment depots had closed down and at that time No. 1 E.D. had ample space for storage of batteries." Was there, prior to this time, any situation at 1 E.D. where you had to declare material surplus and get rid of it, where you did not have room for storage?—A. No. At that time, in October 1945, No. 1 Equipment Depot occupied a considerable number of buildings in Toronto in an area known as Queen's Quay. Plans were under way for that equipment depot to move to Weston, Ontario. Plans were also under way whereby War Assets Corporation would take over the entire property which we were vacating and instal what they called a plant clearance team to assume custody of the surplus equipment that we would leave behind in the buildings. Hence there was ample room for considerable free space left in those buildings when we vacated the site.

Q. What is the date that you vacated that site?—A. It was made progressively. I stand to be corrected, but I think it was some time in December or January or thereabouts that No. 1 Equipment Depot commenced progressively moving the required equipment—that is, that which we could not declare surplus—to Weston, Ontario, and it took a period of several months to move it.

Q. Was there ever an occasion where the R.C.A.F. staff at 1 E.D. was used on behalf of War Assets for the reduction to scrap of material which had not been declared surplus by R.C.A.F.?—A. Not to my personal knowledge.

Q. I refer to paragraph 7 on page 836. In your evidence you referred to the lack of feasibility of repairing these batteries.

The CHAIRMAN: What paragraph, Mr. McCullough?

Mr. McCULLOUGH: Paragraph 7.

The CHAIRMAN: Thank you.

*By Mr. McCullough:*

Q. The R.C.A.F. version. You referred in your evidence to the lack of feasibility of repairing such damage because of cost. In this paragraph you referred to the scarcity of materials. Could you qualify that statement?—A. Yes. The item in the original article says that even with a broken filler cap most of the batteries were still usable. But the construction that the R.C.A.F. put on that comment by Dr. Brown was that by inference they were usable in aircraft.

We are sure that they were not usable in aircraft. That is why I say any batteries scrapped by the R.C.A.F. were not usable in aircraft. As regards the reference to scarcity of materials, we promulgated this order, air force routine order 1988, dated 8 September, 1944, directing all R.C.A.F. units throughout Canada that only batteries—I can probably quote that in its entirety. The sense of the order was: "Due to the high cost and scarcity of repair materials, only accumulators, lead acid constructed in aluminum cases are to be repaired. All other accumulators, lead acid on becoming unserviceable are to be reduced to produce."

*By Mr. McGregor:*

Q. Mr. Chairman, one thing I think we should try to clear up is where these 2,000 batteries came from that were in that yard. You say there were somewhere around 400, or under 400, that came from No. 1 depot. Can you say that none of the rest of these batteries came from any of the other depots around Toronto?

Mr. PROBE: He said not.

The WITNESS: All I know positively, as a result of my investigation, is that 371, up to and including October, were delivered by No. 1 Equipment Depot. But it is most likely, as Solways, either implied or stated in their statement which has been filed, that as a matter of fact all the batteries that were received were from a good many sources.

*By Mr. McGregor:*

Q. Yes, but you did not make any investigation to see whether there were any other batteries that came to Solways outside of what came from No. 1 depot?—A. No. Only in the course of my investigations I ascertained that Solways had received 162 from our station at Mount Hope in November 1945.

Q. That would not come to anything like 2,000. Did you make enquiries at any of the other stations?—A. No. The majority of the other stations in that area were not flying aircraft and would have little or no occasion to use aircraft batteries. As to No. 6 Initial Training School in Toronto, No. 5 Initial Training School in Belleville, those two would not have occasion to use any of these batteries for flying purposes, except possibly for instructional purposes.

Q. Then you would say that any other batteries that came there, outside of the figures produced here, did not come from the air force?—A. No. I cannot guarantee that.

Q. You cannot say that?—A. No.

Q. It seems rather strange—the statement that was made here was 2,000 batteries—that you would not be prepared to give in your evidence here exactly how many batteries there were there that did come from the air force?—A. No. Unfortunately I am not in a position to.

Q. You cannot get that?—A. The only definite positive information I have is on those scrap batteries that were delivered to Solway from No. 1 Equipment Depot and from Mount Hope.

Q. How many does that total?—A. 647; from No. 1 Equipment Depot, a total of 495. Up to October from No. 1 Equipment Depot there is a total of 371, and up to March, 1946, a total of 495, plus 162 from Mount Hope.

The CHAIRMAN: Making a total of?

*By Mr. McGregor:*

Q. Including the ones from down east how many would be in that pile at that time from the air force?—A. I do not know because I do not know how frequently Solway disposed of his pile.

Q. How many had been delivered to Solway prior to that date?—A. Which date?

The CHAIRMAN: Which date do you mean?

By Mr. McGregor:

Q. The date that Dr. Brown bought his battery?—A. Up to October, 1945, No. 1 Equipment Depot had only delivered 371 to Solway.

Q. And were there any others from any other airport delivered at that date?—A. I do not know.

Q. Well, I think this committee should know because Dr. Brown has been here and he has made the statement there were 2,000 batteries in that pile. If we cannot get it from the air force then I think we should have Mr. Solway here to tell us where he got these batteries and how many were in the pile.—A. The R.C.A.F. does not dispute Dr. Brown's statement that there were 2,000 in the pile. His allegations were that this pile of 2,000 came from No. 1 Equipment Depot. That is what we dispute.

Q. You do not dispute the fact that the 2,000 came from the air force? Do you dispute that?—A. Oh, yes.

Q. You dispute that?—A. Yes, because—

Mr. McCULLOUGH: Where is any reference made that the 2,000 came from No. 1 E.D.

Mr. MICHAUD: Page 836.

Mr. MARQUIS: Page 835. The first paragraph; you have to read paragraphs 1, 2, 3 and 5. Paragraph 3 says that the batteries had been in storage at No. 1 Equipment Depot.

Mr. PROBE: If you read that carefully and go back to the Winnipeg *Free Press* statement it says that several truckloads of new storage batteries were unloaded at Solway and Sons. It has no reference to the pile. It has reference to those loads.

Mr. MARQUIS: "Since all the 2,000 batteries were smashed in the same end filler cap." He is talking about the same batteries.

Mr. PROBE: That does not say those came from No. 1.

Mr. MICHAUD: Any unbiased person would believe that the 2,000 must have come from No. 1.

Mr. McCULLOUGH: I asked the witness, and I would prefer that he refer to that, and then we will get his version.

The WITNESS: Would you be good enough to ask your question again?

By Mr. McCullough:

Q. Where in the evidence we have before us—

Mr. MICHAUD: And the Winnipeg *Free Press* article.

By Mr. McCullough:

Q. —or the Winnipeg *Free Press* article is the allegation made that these 2,000 batteries came from No. 1 E.D.?

Mr. McILRAITH: On page 655 there is a reference to 1,000.

Mr. McCULLOUGH: I should like the witness to answer this.

Mr. McILRAITH: You are asking about your *Hansard* record. Page 655 has a reference to 1,000.

Mr. CLEAVER: At page 836 of the committee's reports you will find an actual quote from the Winnipeg *Free Press* article.

Since all the 2,000 batteries were smashed in the same end filler cap. That undoubtedly ties it in to what the witness says he was told. His complaint is all of these 2,000 batteries came from No. 1.



Mr. MCGREGOR: I do not agree with that. I do not think you can put that interpretation on that at all. He says:

Since all the 2,000 batteries were smashed in the same end filler cap. There is nothing to show where they came from at all. They might have come from the Klondike.

Mr. McCULLOUGH: The chairman gave me permission to ask the question.

The WITNESS: The original article in the *Winnipeg Free Press* says:—

Most of these batteries were still in their original packing cases and all of them carried a red R.C.A.F. "produce card" which means scrap.

Then it goes on to say:

The batteries had been in storage at No. 1 Equipment Depot. They had been made into scrap by the R.C.A.F. by the simple process of smashing in one of the filler caps.

Mr. CLEAVER: There is no doubt about that.

Mr. MARQUIS: I should like to call the attention of the members of the committee to the fact that I put a question to Dr. Brown yesterday and he answered me that four-fifths of the 2,000 came from No. 1 Equipment Depot and were at Solway's.

Mr. PROBE: As I recall it to me it meant that four-fifths of them had covers. That is what I remember. As to the other point that Mr. Cleaver has now left after sort of stirring up a bit of a hornet's nest before we have cleared this point up I would suggest that there are two possibilities that a person who is as dumb as I am sees in this thing. One is that the batteries on the trucks that had come into the yard to be unloaded at the dump came from No. 1 Equipment Depot. That is one possibility. The other is that all the 2,000 came from No. 1 Equipment Depot. There is still nothing in what I have heard in the article to convince me that either this statement or that is specifically meant or implied by the writer of the article. I think that is only fair, Mr. Michaud.

Mr. MICHAUD: I have not been able to follow you.

Mr. SHAW: I notice that the number 647 has been used frequently. I find it opposite No. 1 in the air force version. I think that should be corrected in our records because if I can add correctly it does not add up to 647.

The CHAIRMAN: You think it is out 10?

Mr. SHAW: I think it is out 10 if my arithmetic is correct.

The CHAIRMAN: I think perhaps you are right.

Mr. SHAW: I merely mention it so that the record may be correct.

The CHAIRMAN: I think you will find that is 657.

Mr. PROBE: A lot of this War Assets arithmetic has not been too hot in the last few months.

Mr. MICHAUD: Of course, they are not all mathematicians.

Mr. SHAW: We can lay it to a typographical error.

The WITNESS: In connection with the point that was just discussed may I draw the attention of the committee to the original article which I quoted saying that the batteries had been in storage at No. 1 equipment depot. This is on page 986 of No. 31. At the top of the page there is a question by Mr. Stewart to which Dr. Brown says:—

I said definitely that they came from No. 1 E.D. I now wish to modify that. Most of them came from No. 1 E.D.

Mr. MARQUIS: Four-fifths.

The CHAIRMAN: Are there any further questions or shall I excuse the witness?

*By Mr. Marquis:*

Q. I should like to ask Wing Commander Mahoney what he has to say to Dr. Brown's statement that 80 per cent of the pile were batteries in their dry state, that is, unused?—A. Dr. Brown in his original article stated that the batteries had been shipped dry, and further in his original article he said:—

It is certain that these batteries were new.

He stated to me during my interview that the new batteries that he saw only comprised approximately 270. That was his estimate of those that were on top of the pile. If that estimate of 270 was correct how could he estimate that 80 per cent of the 2,000—that is assuming he could not see any more than 270 and not being able to determine what kind of batteries were underneath the top of them—were new and in their original cases? How could he see the manufacturer's tags on these batteries comprising the 80 per cent that were below the 270 on the top that he could see, let alone the R.C.A.F. tags? Furthermore, Dr. Brown said in his evidence that many of these tags were indecipherable, or words to that effect, because battery acid had been spilled over them, and if all these batteries from No. 1 Equipment Depot, as he alleges, were dry how could the tags have acid on them? Of those that were in containers with their bakelite covers on them how could he know they were dry, and how could he know they had the end filler cap stove in?

In any event, over a period of two years only 68 5J22s were scrapped, and they came back from units. None was scrapped from stock. As regards the 5J20, which is a similar type—

Mr. McCULLOUGH: Could I interject there?

Mr. MARQUIS: Pardon me; let the witness finish.

The WITNESS: We scrapped 25 in stock over a period of two years, and 12 that came back from R.C.A.F. units. Some of those returned from the units may have been new and damaged in transit. That is all I have to say.

*By Mr. Marquis:*

Q. What have you to say as to Dr. Brown's statement that his articles were a by-product of the equipment he has collected? Have you anything to say on that point as a result of your interview with Dr. Brown?—A. Yes. I asked him what his motive or object was in writing these articles—there was a general conversation as to the battery that he had—and whilst he denies having said that he informed me that he obtained the battery to support his article in the Winnipeg *Free Press* he did not say so in those words. What he actually said was that in the case of a suit for libel he considered it necessary to have some evidence.

Q. You have said that the R.C.A.F. did not mutilate new batteries as a means of disposing of them. What action do you take to dispose of such surplus batteries?—A. Surplus serviceable batteries declared to War Assets Corporation are handed over to them for custody or we retain them in custody until they sell them or they remove them. We have already handed over numerous batteries to War Assets and we will continue to do so.

*By Mr. Probe:*

Q. May I interject there? Is this the policy since August 15, 1945, or is this a policy that has extended throughout the years?—A. This is a policy that has extended since War Assets Corporation has been in effect in respect to serviceable surplus batteries. The allegation is we took serviceable batteries, new batteries, and bashed them in. That we did not do because we had no occasion to do it. We had no occasion to spend manpower on it, and on various occasions we have experienced a famine of batteries in the R.C.A.F., and as for

valuable equipment which we are continuing to require we certainly would not do so. It is inconceivable that R.C.A.F. personnel would deliberately mutilate batteries. Furthermore, we still have a remaining quantity of 474 of that type of battery in stock.

Q. Of course, the point is that in the period from February 15 to August 15 you had specific instructions that where these batteries were considered obsolete or non-serviceable, category E equipment, you were to physically mutilate them so they could not be sold and used for their original purpose. That is why I drew that to your attention this morning.

Mr. CLEAVER: The witness referred to serviceable batteries.

The WITNESS: And the allegation is that we took new batteries and bashed them in to qualify them as scrap. We had ample room in our equipment depot for batteries since they do not take up much room. We can always find room for articles such as batteries, and it is inconceivable that we should deplete our stock of batteries that we will continue to use in the R.C.A.F. when we already have some of them in stock, to qualify them as scrap.

*By Mr. Marquis:*

Q. If I understand correctly the policy as to the destruction of scrap in general was changed in August, 1945 after the destruction at Penhold; is that right?—A. That is right, in respect to repairable and unserviceable equipment.

Q. But as to the batteries I understand that you had not mutilated them because they were scrap when they were not serviceable?—A. We had no occasion to mutilate them.

Q. It was not necessary?—A. Correct.

Q. I wish to add another question as to the record you kept of the material you sent to scrap. An hon. member referred this morning to that record and seemed to cast the reflection that it was not an accurate record of the facts. Will you tell the committee how this record is kept and if it is a true picture of the material which is disposed of and sent to scrap?—A. The record of our scrap that we hand over to any scrap dealer is accurate. It is maintained by civilian and service personnel, and it is subject to internal departmental examination. It is also subject to audit by departmental auditors, and it is also subject to examination by the Auditor-General; and furthermore, on each occasion that we deliver or hand over to scrap dealers any scrap, it is incumbent upon us to provide War Assets Corporation with an accurate receipt signed by the scrap dealer in order for them to finalize their records and, probably, arrange for the collection of the value of the scrap that we have handed over. If we were to hand scrap over to a scrap dealer and not get a receiver signature for it and not finalize the transaction through War Assets Corporation, I venture to suggest that they would complain very bitterly.

*By Mr. Probe:*

Q. But the record is in dead weight, in pounds?—A. In the case of practically all types of scrap, it is in dead weight; except this contract with Solway's which called for scrap batteries whole.

Q. Dated?—A. This particular contract was for the period of January 1 to March 31, 1946, and it was dated the 31st January, 1946.

*By Mr. Marquis:*

Q. I understand that you keep records of batteries that were sent to the scrap pile?—A. We do, that is, quantitatively.

Mr. SHAW: Mr. Marquis stated a few moments ago that someone had inferred that records, certain records at least, may not be complete and may not be entirely authentic. I do not know for sure what he made reference to, but if it were to Penhold, he will readily recall that we did experience con-



siderable difficulty in securing a list. So there was a time when, evidently, the R.C.A.F. as such did not keep as complete an inventory of destruction which took place; and when they finally tabled the list of commodities such as wireless and radar equipment, they made it abundantly clear that they would not guarantee it to be complete or authentic; but that it was the best they could do under the circumstances. So there was a time when their method of keeping records was not as good as it is to-day.

Mr. PROBE: That has specifically to do with respect to No. 1 Equipment Depot because War Assets at one time gave us a certain figure which proved to be incomplete in so far as the records of the air force themselves are concerned.

Mr. McILRAITH: No, it is not incomplete; it just turns on the dates.

Mr. PROBE: May I say in answer to Mr. McIlraith that what was printed in the evidence of this committee's proceedings was a record of one transaction of 300 odd batteries; and they drew no attention to a previous transaction. I say somebody is remiss, when we are asking for complete information. We are not mind readers; we have to be or try to be, in order to adduce evidence that we sometimes want. We get an incomplete picture on the one hand and then it is amplified on the other. We cannot go too much by records.

*By Mr. McCullough:*

Q. Again referring to No. 1 Equipment Depot, were there, at any time, shipments made there from any Ontario depots of equipment for which you had not storage room at No. 1 Equipment Depot?—A. Yes, for certain types of equipment, specifically clothing and barrack equipment; specific buildings in one equipment depot at Queen's Quay were filled and we resorted to storage space at Dunville and Brantford, and that was for clothing and barrack equipment. However, electrical equipment in which the category of batteries are classed, was stored in several different buildings, and there was space for that particular type of equipment.

Q. On how many occasions was equipment turned away and refused for that reason?—A. Oh, they would not refuse it at No. 1 Equipment Depot. They would accept it and transport it. In the case of barrack stores or clothing, they might, or at least they probably would, transport it themselves to Brantford or Dunville. However, at Dunville we had one hangar filled with clothing, and it was filled. That was reserve clothing that we stored there more for the purpose of relieving space in the depot proper at Toronto; and we have representative stocks stored in the depot at Toronto of the items which were stored at Dunville.

Q. Would you table any correspondence regarding any particular reference to equipment which was either returned or sent out from Equipment Depot No. 1 during the last year. I ask that specific question because of certain evidence that has come to me, or statements, that certain carloads of equipment were shipped to one equipment depot and then were transferred back again; so I would like to get that cleared up.—A. Did that pertain to batteries?

Q. I am not sure what would be in those carloads of R.C.A.F. equipment; I would just like to know first if at any time there had been such shipments and then this committee will find out what was in them.—A. Just to make sure of what the honourable member wants, he wants to have tabled any correspondence regarding any equipment rejected by one equipment depot and returned to the shipping unit.

Q. Yes.—A. During what period, Mr. Chairman?

The CHAIRMAN: Would you name the period?

Mr. McCULLOUGH: Last year, I think I said.

The CHAIRMAN: During the year 1945.

Mr. McCULLOUGH: 1945 and 1946, because it was with reference to this last fall.

The CHAIRMAN: Would you say July 1, 1945 to June 30, 1946?

Mr. McCULLOUGH: That is fine.

The CHAIRMAN: Now, gentlemen, we have had a pretty long session starting at 10 o'clock this morning. I do not know how much longer you wish to proceed with your questioning.

Mr. CLEAVER: There are so many other things going on at the same time I suggest we adjourn to-day at 5 o'clock.

Mr. MCGREGOR: There are a couple of questions I would like to get cleaned up.

The CHAIRMAN: Oh yes, Mr. McGregor; I just wanted to set the hour so we can aim toward that. All right Mr. McGregor.

Mr. BRADETTE: I believe 5 o'clock should be reasonable.

The CHAIRMAN: 5 o'clock.

Mr. MCGREGOR: I asked a question this morning about how many batteries have been bought and how many scrapped. Are we going to get that answer?

The CHAIRMAN: I read that over. Would you give me that in writing. I was going to consult you, knowing how broad you are in your views—

Mr. MCGREGOR: For sure, for sure.

The CHAIRMAN: —and how willing you are to co-operate, to read it over and assess the time and the information that is going to result.

Mr. MCGREGOR: I know.

The CHAIRMAN: From this?

Mr. MCGREGOR: The war is over and these gentlemen have got to have something to do.

The CHAIRMAN: Would you be good enough to write that out and send it to me and I will make sure that you get the answer.

Mr. MCGREGOR: And the other question; are we going to make any effort to find out where these 2,000 batteries came from? I want to know if any more of these 2,000 batteries, outside of the 647, came from the air force.

Mr. MARQUIS: I would suggest that that question be divided firstly, if there were 2,000 batteries, and if so, where did they come from; because there is no sure evidence that there were 2,000 batteries; it is only a guess.

Mr. MCGREGOR: For sure.

Mr. MARQUIS: For sure.

Mr. MCGREGOR: Will you find out first how many came from the air force, no matter from what province, be it Ontario, Quebec, or British Columbia; how many came from the air force to that pile.

The CHAIRMAN: I think that should be a fairly simple question and I believe we would get that information for you.

Mr. BRADETTE: I would like to leave two questions with the witness.

The CHAIRMAN: May I qualify that inasmuch as I notice some of the witnesses are qualifying their statements, I shall endeavour to find out the complete number of batteries which were released and sent to Solway & Sons by the air force.

Mr. BRADETTE: I was just dealing with the magazine article. This is a question I would like to have answered at a subsequent meeting. On page 46 of *Maclean's* magazine there is an article dated August 1st. It is a very progressive magazine indeed. The article in part reads as follows:—

Most of the surpluses declared to the corporation by the three armed services originally belonged to the Royal Canadian Air Force, which has

declared or will declare material that cost the taxpayer more than \$600 millions. From February to July of last year the air force was under specific instructions from War Assets Corporation to destroy certain types of surpluses, including one type that was officially classed by the air force as repairable.

That is my question No. 1. My question No. 2 is the second last paragraph of the article, on page 47. It reads as follows:—

One of the most fearsome gadgets in my basement is a sighting station originally salvaged from a bomber. It is one of a truckload which came from the R.C.A.F.'s No. 1 Equipment Depot at Toronto to a Toronto junk yard. I paid the junk dealer \$5 for it, and the mechanisms I salvaged from it included electrical connector blocks, spring-loaded gears and clutches, precision microswitches, Amphenol input plugs, and four Selsyn generators. The Sylsyn generators alone are selling secondhand for \$8 each in New York.

I would like to have an answer, if possible, at a subsequent meeting, to those two statements because I know the public is highly interested, particularly in the first one; and when there is an amount of \$600 millions involved and a statement of that nature, I think the Canadian people would be inclined to think that the \$600 million has been scrapped or, at least, wasted.

Mr. PROBE: But we have all this on the record.

Mr. BRADETTE: If that is so, then I would be satisfied to let it go.

The CHAIRMAN: The witness says he can make an explanation right now.

The WITNESS: Regarding the second last paragraph, on page 47 of *Maclean's* magazine, which the honourable gentleman has just read, I am assuming that this is the article illustrated by a photograph in the central portion of page 9, which resembles pretty closely an object which Dr. Brown showed to me in his basement at the time I interviewed him. At that time Dr. Brown informed me that was an article scrapped by the R.C.A.F. and that it came off a B.29 bomber. At the time I informed him that we never had any B.29 bombers and that the only aircraft resembling them was the B.17 of which we only had a small number, and that they were unarmed and were used on the Atlantic mail run. I have had occasion, as a matter of curiosity, to ask some of our technical officers if they identified it as a piece of R.C.A.F. equipment, and they cannot from the photograph. I make these remarks, this preliminary statement, assuming that that is an object that Dr. Brown showed me in his basement. If the R.C.A.F. had an opportunity of examining it closely, we would make a further attempt to identify it.

Mr. CLEAVER: I move that we adjourn, Mr. Chairman.

Mr. PROBE: Mr. McLraith, I have a question about batteries in your possession. Isn't that right?

Mr. McILRAITH: You have what?

Mr. PROBE: Haven't I got a piece of unfinished business with you?

Mr. McILRAITH: I am not sure; I will have to check it up; I am not sure about it.

The CHAIRMAN: Gentlemen, there is a motion to adjourn.

Mr. MARQUIS: May I ask if it is decided that you have a technician from the depot to substantiate the testimony of Wing Commander Mahoney as to the cost of repairs of batteries?

Mr. COTE: Are you referring to the gentleman the witness referred to, one Mr. Brown?



Mr. MARQUIS: No, not this one. I was asked that we call Mr. Brown who was in charge of the depot, and the man from the Exide Company.

The CHAIRMAN: Would you be good enough to leave that in the hands of the steering committee?

Mr. MARQUIS: Yes, but I would draw your attention to it.

Mr. SHAW: Is it the intention of the committee to recall Dr. Brown?

The CHAIRMAN: I was going to discuss that with the steering committee.

Mr. SHAW: He has been here for some time, and before calling others for questioning, I think we should have him recalled for questioning at the earliest possible opportunity.

The CHAIRMAN: Yes. We will excuse him to-day and if necessary recall him.

Mr. SHAW: In other words, you are not having him to-morrow?

The CHAIRMAN: Are you going to meet to-morrow?

Mr. MCGREGOR: What about Mr. Solway?

The CHAIRMAN: There is another one for us to consider. I would like to discuss this with the steering committee.

Mr. PROBE: With all this we are getting away from the problem I hoped would be brought to a finality before the house breaks up, and that is the matter of the educational equipment which has gone into the discard temporarily. Mind you, this is exceedingly valuable and interesting, but it seems to me that it is only one phase of our investigation and it is taking an exceedingly long time. The purpose is, as near as I can figure it, to discredit certain newspaper articles.

Mr. BRADETTE: Order! Order!

Mr. PROBE: Well, I will withdraw that.

The CHAIRMAN: To establish facts.

Mr. PROBE: Yes, fine. I am also interested in a change of policy of War Assets Corporation with respect to educational equipment and I know Mr. Shaw is interested in the same position, but we are having that matter pushed into the background; and I think the Cardoza investigations are permanently shelved.

Mr. MCILRAITH: Who is doing the pushing?

Mr. PROBE: I do not know.

Mr. MCILRAITH: I have been trying to get to that point since the early sittings.

Mr. PROBE: I have not taken up very much time at any time.

Mr. BRADETTE: On a question of privilege, as a member of this committee, I believe that applies to all members of this committee, when it comes to education. We are all in on it. There is no distinction at all.

The CHAIRMAN: I think we are all anxious to follow up the educational angle, Mr. Probe..

Mr. McCULLOUGH: Would it not be a good idea to meet to-morrow and recall Dr. Brown. We have already had Wing Commander Mahoney's evidence after hearing Dr. Brown, so I think we all have questions and I think it would be a good idea to have a meeting to-morrow.

The CHAIRMAN: To-morrow. I do not know how the rest of you deal with your correspondence, but I have been working from 9 o'clock to 11.30 or 11.45 every night; moreover, the subjects which are before the House at the present time are very important. I did have an opportunity last night to take part in the discussion. These subjects are very very interesting to me, especially the co-operative matters.

Mr. MARQUIS: Perhaps we may sit to-morrow morning at 10 o'clock and not sit on Friday. We may adjourn after Tuesday next.

The CHAIRMAN: Would you be willing to sit at 11.30 tomorrow?

Mr. PROBE: Would you consult Dr. Brown also on this matter.

The CHAIRMAN: I will be very pleased to do so.

Mr. MARQUIS: If we sit tomorrow at 10 o'clock he would not have any objection.

Dr. BROWN: I would like, if possible, to sit tomorrow morning because I have several things I would like to put before the committee, and then be dismissed in order to catch the 3.30 plane tomorrow afternoon.

Mr. MARQUIS: If we hear him tomorrow morning we would have the right to examine him after he has made his statement.

The CHAIRMAN: The only thing is this. I have been noticing the Industrial Relations Committee. I do not want to get in this position, that we are going to recall Dr. Brown to give further evidence; and after he has concluded his evidence, then to recall Wing Commander Mahoney and have the thing rotating—a series of contradictions.

Mr. PROBE: That looks to be coming.

The CHAIRMAN: I do not want to be placed in that position. Do not misunderstand me. I am quite willing to have Dr. Brown recalled tomorrow. Is it to be tomorrow morning at 11.30 or would you prefer the 10 o'clock hour? I am in your hands.

Mr. MARQUIS: If we do not sit on Friday, it would be preferable to sit at 10 o'clock tomorrow, I think.

Mr. BRADETTE: Mr. Brown has to leave in the afternoon. If we meet at 10 o'clock in the morning, he would be able to do so, I should think.

The CHAIRMAN: Then we stand adjourned until 10 o'clock tomorrow morning.









Gov. Doc.  
Can  
Com  
W

SESSION 1946

HOUSE OF COMMONS

CA1X62

-44LV12

SPECIAL COMMITTEE

ON

WAR EXPENDITURES

AND

ECONOMIES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 34

THURSDAY, AUGUST 1, 1946

WITNESS:

Dr. J. J. Brown, Todmorden, Ontario

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph..

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

CONTROLLER OF STATIONERY

1946







## MINUTES OF PROCEEDINGS

THURSDAY, August 1, 1946.

The Special Committee on War Expenditures and Economies met at 10.00 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Black (*Cumberland*), Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roverval*), Golding, Homuth, Isnor, Lalonde, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Probe, Reid, Shaw, Stewart (*Winnipeg North*), Winkler.

*In attendance:* Dr. J. J. Brown, Todmorden, Ont.; Wing Commander E. G. Mahoney, of the Supply Staff, R.C.A.F. Maintenance Command Headquarters, Uplands, Ont.; Mr. J. S. Irvin, Assistant to the President, War Assets Corporation.

Dr. Brown was recalled and further examined.

At 11.00 a.m., the Committee adjourned for thirty minutes so that members could attend Routine Proceedings in the House.

The Committee resumed at 11.30 a.m., and the examination of Dr. Brown was continued.

During the course of the proceedings the Chairman filed:

Exhibit No. 13—Copy of *Maclean's Magazine*, issue of July 15, 1946.

Exhibit No. 14—Copy of *Maclean's Magazine*, issue of August 1, 1946.

At 1.00 p.m., witness retired and the Committee adjourned until Wednesday, August 7, at 10.00 a.m.

A communication from the Deputy Minister of National Defence (Naval Service) in answer to questions by Mr. G. K. Fraser, M.P., filed by the Chairman before adjournment, appears as Appendix "A" to this day's Proceedings.

R. ARSENAULT,

*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

August 1, 1946.

The Special Committee on War Expenditures and Economies met this day at 10.00 o'clock a.m. The Chairman, Mr. Gordon B. Isnor, presided:

The CHAIRMAN: Now, gentlemen, if you will care to move up a little closer, perhaps it would make it easier for the Chairman, as well as for the members of this committee. We have our required number for a quorum. Yesterday it was decided to recall Dr. Brown as a witness. Is Dr. Brown present? Dr. Brown, would you come to the table please?

**Dr. J. J. Brown, Todmorden, Ontario, recalled.**

*By the Chairman:*

Q. Is it your wish, Dr. Brown, to make a further statement, or to reply to questions by the members?—A. Since Wing Commander Mahoney made his statement, I think I should like to make one to begin with, and we can go on from there. Wing Commander Mahoney has made some very positive statements about destruction or non-destruction of aircraft batteries; but it is shown in the evidence of this committee that the Air Force does not know what it has destroyed. I perhaps could show definitely that the statements made by Wing Commander Mahoney are incompatible with previous testimony made by the R.C.A.F. I desire to—

Q. Excuse me, just a moment. In order to save the time of the Committee, you are dealing with statements as made applying directly to articles published by you and which were questioned by this Committee?—A. Yes, that is true.

Q. You are dealing with the subject outlined by other witnesses at the very early stages of our deliberations?—A. I wish to bring in this point, that the articles in the *Winnipeg Free Press* were written about events which occurred last summer. Now, I think, therefore, that testimony which was given before this Committee about events which happened last summer is relevant to the articles.

Q. I am in the hands of the Committee and I want to save as much time as possible. I want to have the evidence and your statements bear direct relation to the discussion which is now taking place as to the destruction of the 2,000 batteries and other equipment which took place as described by you.

Mr. STEWART: Could you tell me where you get the figure of 2,000?

The CHAIRMAN: We had that discussion yesterday.

Mr. STEWART: I am sorry, but I was not here for very good reasons.

Mr. MURPHY: The witness intends to give evidence concerning evidence which was given by a former witness, Wing Commander Mahoney, and dealing with the testimony. He is entitled to refer to the evidence which has been given before this Committee at any time refuting the statements made by any witness before this Committee.

The CHAIRMAN: I have not had the legal training nor have I ever occupied that position, but I do feel that the witness can discuss any matter dealing directly with the subject before us.

Mr. MURPHY: He can give evidence dealing with evidence which has been given before, and he is entitled to comment on the different witnesses or statements.

Mr. MARQUIS: The witness is not entitled; he is entitled to state facts but not to pass judgment on what the other witnesses have said.

Mr. MURPHY: The witness can read, as a matter of fact, the evidence given by any witness before this Committee.

The CHAIRMAN: Dealing with the subject.

Mr. MURPHY: What he is concerned about now is what we went over yesterday and the day before.

Mr. COTE: I suggest that he be entitled to do so, if it is that evidence already given before the Committee directly relates to the subject matter of batteries found at Solways.

Mr. MURPHY: Not necessarily batteries found at Solways.

Mr. McCULLOUGH: I think the question at issue is the veracity of the statements made in the *Winnipeg Free Press* regarding 2,000 batteries, and I would think any evidence brought forth by Dr. Brown would be quite in order.

The CHAIRMAN: I think you are quite in order. Will you proceed, Dr. Brown, with that in mind?

The WITNESS: I should like to bring to the attention of the Committee some other statements made by the R.C.A.F. on the destruction of surplus. At page 262 of the minutes, you will find a document submitted by the R.C.A.F. on May 14, headed "A Statement of Policies Covering Disposal of Surplus Equipment in the R.C.A.F."

Since this document is already in the minutes, I do not propose to read it in full; but a portion of the paragraph 3C on page 262 refers:—

As a result of the discussion between the R.C.A.F. and War Assets Corporation in February, 1945, War Assets Corporation provided the R.C.A.F. with a list of items which could be sold by them in their reparable condition (whole state) and indicated that they had no interest in any other surplus reparable equipment.

I would emphasize especially the next sentence.

Accordingly the R.C.A.F. issued such instructions and reverted to previous practice of physical reductions of scrap metal (not whole state) of items which War Assets did not specify on the list.

Now, turning that into ordinary language, "physical reductions of scrap metal" means mutilation or destruction; at least, that is my own interpretation of those words "physical reductions of scrap metal". Now, on page 265, an official of the Air Force answers a question asked by Mr. Smith of this Committee. Again I quote:

Unfortunately, no collective statistical data was kept of the equipment which was reduced to produce under this arrangement as it was not apparent at the time that there was any advantage to be gained from this additional administrative work.

And further down, and again in the same general text, another official quotation from the R.C.A.F.

it is not possible to state what was destroyed.

Surely there is nothing more definite in the world than that:—

it is not possible to state what was destroyed.

Mr. MARQUIS: Mr. Chairman, I do not know if the witness is entitled to do so. He is discussing statements made by the R.C.A.F. and he is drawing conclusions from them; that is not the point at all; he has to say what he has seen and what he knows personally and that is all; and if he is able to contradict Wing Commander Mahoney, that is all right; but if we refer to these minutes of nearly 1,000 pages and take a photograph and compare it with another photograph and try to draw conclusions, we will be making a discussion of the whole record. That is not the point. The witness is not called here to pass judgment, to discuss the minutes; he is here to give us testimony according to the facts, according to what he knows; and if Wing Commander Mahoney made a statement yesterday which is not in accordance with the personal knowledge of the witness, it is clear that this witness is entitled to state what he knows; but I suggest that it is not regular to come here and to take all the letters and declarations and statements in the minutes and compare them, and to say: Here is my conclusion. This does not refer to the article; this does not refer to the facts.

Mr. STEWART: I do not think that Mr. Marquis can have it both ways. He has stated that the witness can state what he has seen, and what he knows personally. On that basis I am afraid that most of the evidence of Wing Commander Mahoney should not have been allowed into the record because he was dealing entirely with hearsay. This witness was dealing entirely with facts. I think we can say that the statements made by the R.C.A.F. were true. The witness is reading the history of the facts.

Mr. McCULLOUGH: You passed a motion that you would allow the witness to make a statement substantiating the statement made in the *Winnipeg Free Press*. Now I think he should be entitled, in all fairness, to give the reasons and to lead up to the proof that he did see those batteries. I think it is only fair.

Mr. MURPHY: So long as the witness does not make observations on the evidence, he can comment or recite the statements; but I think we will all agree that it is up to the Committee to make the observations and not the witness.

Mr. MARQUIS: That is it.

Mr. McILRAITH: That is pretty well the importance of the whole point. The witness was starting to argue about the evidence. The evidence was all given here and the members will form their own conclusions on the evidence. It is most improper for the witness to attempt to argue.

Mr. COTE: He is substituting himself for the members of the Committee.

Mr. HOMUTH: The witness wrote certain articles. He has been called before this Committee to prove his statements that were in those articles; and when he came here, every effort was made to disprove the evidence he gave.

The CHAIRMAN: Oh, now!

Mr. HOMUTH: Let me finish.

The CHAIRMAN: We cannot allow this to go on.

Mr. HOMUTH: The Wing Commander came here and was brought here for the very purpose of trying to disprove the evidence that this witness was giving. Never mind where I was; I can still read which is more than some can. And then the Wing Commander came here to try to disprove this evidence. Now, here is a witness who is simply referring to evidence that was given showing conclusively that the Air Force did not know what was destroyed.

Mr. McILRAITH: It has been in evidence. There is no question about that.

The CHAIRMAN: All right, gentlemen.



The WITNESS: I shall try to restrain my comments on the evidence. On the same page, 265, there is a question by Mr. Smith put to the R.C.A.F. representative. The question refers to a fire which burned at No. 10 Repair Depot, Calgary. The question is:—

Is it your admission, quite frankly, that this fire burned as it did for weeks, yet there is no list of what went into the fire?—A. Well, Mr. Chairman, that is correct; in the R.C.A.F. hands, that is correct.

If necessary I can turn up many other references to the same point. I have read these minutes very carefully.

Mr. COTE: It is up to the Committee to review the evidence which has already been taken. I object to that.

Mr. MCGREGOR: There was quite an argument here the other day as to whether or not there was a fire. Surely this witness has the same opportunity as anybody else to prove that there was a fire.

Mr. McILRAITH: It is in the evidence. It is admitted.

Mr. MCGREGOR: All right. Let him make his own story.

Mr. SHAW: Are you ruling that the witness is permitted to quote questions and answers here in the evidence?

The CHAIRMAN: Dealing directly with the subject to which he refers, namely, the destruction of 2,000 batteries as stated by Mr. McCullough, and other equipment.

Mr. SHAW: Destruction?

The CHAIRMAN: At that particular place; and more particularly—I would enlarge on that—more particularly with the batteries originating from No. 1 E.D.

Mr. SHAW: My point is this: If he refers to destruction, and destruction is regarded in its broad sense, as it was there, then his remarks certainly are relevant. I hate to see the witness interrupted at every turn. Let us give him an opportunity.

Mr. MICHAUD: Is this evidence in rebuttal or not?

The CHAIRMAN: I think that is the purpose.

Mr. MICHAUD: This witness has given evidence in the first place.

The CHAIRMAN: Yes.

Mr. MICHAUD: Then he is called in for rebuttal.

Mr. SHAW: No, we did not finish with him the first time. That was the agreement.

Mr. MICHAUD: I did not think he was here to give evidence in rebuttal.

The CHAIRMAN: I think I made that clear yesterday with respect to whether we would recall Dr. Brown to reply to statements made by Wing Commander Mahoney. But I do not wish this to be taken as a precedent that we will rotate and again call Wing Commander Mahoney, and then, later, again call Dr. Brown. You will recall those words yesterday. I think, in fairness to Wing Commander Mahoney, of course, he should be given the same privilege to rebut anything.

Mr. MCGREGOR: How long is this going to go on?

The CHAIRMAN: I do not know, but it should not go on beyond Dr. Brown's evidence to-day. Then, Wing Commander Mahoney, if necessary, at a later date,—

Mr. MCGREGOR: Nobody here has objected to anything Wing Commander Mahoney said in any way, shape or form, yet Wing Commander Mahoney went so far as to say that the evidence given by the present witness was a bunch of

lies, or words to that effect. He said they were not true; anyway, he said they were not true; and this witness has got just as much right to get up and defend his case as has Wing Commander Mahoney or anybody else.

Mr. BLACK: Let the witness go ahead with his evidence.

The WITNESS: I think all the Committee members will agree with the statement of Mr. McIlraith, that I am here as a citizen to tell the Committee what I observed and what facts I know. Now, amongst many of the things I have observed are the public minutes of this Committee.

*By Mr. McIlraith:*

Q. We are familiar with them.—A. The other things I have observed are physical things that I have observed in junk yards. I got my information from two sources, from junk yards and from the Committee minutes. I am going through the total of my sources of information and reading you a brief which I have prepared on that subject.

I should like, however, to interject part of a statement made by Mr. Gordon, deputy minister of National Defence for Air, on May 17. I quote from page 328 of the Minutes:—

I just want to say that in the very beginning it was our feeling that when equipment at any time was surplus and we declared it so to the War Assets Corporation, they were in a better position to decide whether that equipment had a cash value or an educational value; or of value to the farmers in the neighbourhood, or value to anybody who could make use of it. It was my view that we were not qualified to enter into the field of disposal. Then, the War Assets Corporation told me, through Mr. Carswell:

We have no men, and we cannot get any men because you people will not release them from the armed services.

They said, in effect, you will not turn these people loose, so you will have to look after the matter for us for the time being; will you scrap certain items for us? In a foolish moment I said, "All right; we have the men, I think perhaps we can do that".

Then, on my first western trip after that I was a little upset about the effect on the public of seeing men in uniform smashing up these articles—the thought occurred to me, that is a fine display to the local taxpayers who were paying the men and who had paid for the materials, to see them being scrapped in that way. I did not think the impression was very good, so I said to War Assets; now look, from here on I want your authority to do this sort of thing—I want a direct—not exactly order, but a direct instruction that you cannot do it, and that therefore you want us to do it; and in so far as possible, to do the job a bit out of the public eye if we could.

*By the Chairman:*

Q. That statement was made in connection with the destruction at—?—A. The general policy of the R.C.A.F.

Q. Referring to destruction at where?—A. I believe the specific thing was—

Mr. McILRAITH: Referring to September, 1943. Apparently in line with the Deputy Minister's wishes, as is well known to the members of the committee, War Assets Corporation on February 15, 1945, wrote the Department of National Defence for air listing a number of category E items which were to be retained in their whole state and declared periodically as scrap. I remind the committee that batteries are not included on this list and therefore fall under the specific instruction which followed the list, viz, "it is to be clearly understood that all R.C.A.F. equipment not listed above, and which is written off and placed in R.C.A.F. scrap bins is to be mutilated beyond possible repair." This is on page 344.

Mr. MARQUIS: On that point, might I ask the witness a question?

The CHAIRMAN: Yes.

Mr. MARQUIS: Does the witness know that there were some batteries mutilated, that the situation was not as indicated by Wing Commander Mahoney, here, which was that no batteries were mutilated because it was not necessary to mutilate them due to the fact that they were not serviceable?

Mr. HOMUTH: Who is giving evidence, Mr. Chairman?

Mr. MARQUIS: He is giving evidence and I am putting questions to him.

Mr. HOMUTH: Mr. Michaud asked that very thing a little while ago.

Mr. MARQUIS: I am putting questions, that is my privilege.

Mr. MCGREGOR: Well, there is no need to holler.

The CHAIRMAN: I will ask the witness if he wishes to answer that question now or later when he has finished his statement.

The WITNESS: Mr. Chairman, I prefer to answer it later, if I am permitted, and to continue with my statement.

As most of the members will recall, it took the R.C.A.F. some time to produce a list of the material which was mutilated under this order. Beginning on page 370 under the heading "Summary of Classifications of items mutilated by R.C.A.F." you will find 26 close printed pages of types of material which to quote the R.C.A.F. admission "may have been mutilated when repairable and surplus, or when entirely beyond repair". At page 370 we find, and I quote: "miscellaneous electrical stores, except bells, buzzers, motors, transformers, generators, switches, testers megger, voltage regulators." Yesterday Wing Commander Mahoney told the committee that batteries would be classified under general heading of "electrical stores" by the R.C.A.F. That is, batteries are included in the R.C.A.F. list of material they admit they may have mutilated.

It should be noted that in my previous testimony I have stated that I started buying aircraft batteries last summer, just about the time that the products of the air force policy of destruction would begin to appear in the junk yards. The R.C.A.F. admits having delivered batteries to Solway and Sons between June and October, 1945, and Wing Commander Mahoney has never given a definite total number of batteries released to Solways by the R.C.A.F. For part of this period the air force policy of mutilation was in effect, and for the other part, I believe that it is a fair inference that the effects of this policy would still be reflected in the contents of the junk yards.

The R.C.A.F. has admitted that it does not know exactly what was mutilated, it has supplied the committee with 26 close printed pages listing materials which its own records show might have been mutilated: that list includes batteries or accumulators. It also includes miscellaneous electrical stores, under which heading Wing Commander Mahoney says batteries would be classified. I submit that the R.C.A.F. does not know what it has mutilated, yet their representative here states categorically that no batteries have been mutilated. It is odd on the face of it that the R.C.A.F. is able to make such positive statements about the dispositions of storage batteries now, after having previously admitted that it did not know what it had done, and having admitted that batteries were one of the hundreds of items that might have been mutilated.

Now, in conclusion, that is the evidence that I produced before the committee, and it seemed to me from looking at it from perhaps not a legal but a layman's point of view, I have a brand new battery which I have produced here and which obviously has never been in an aircraft battery holding case. You can see that the battery has been smashed in, the impression of a heavy instrument being apparent on this piece of adhesive tape which seals the caps. I believe I have shown that this damage could not take place accidentally, because the battery top is covered by a heavy bakelite case. I have also brought as evidence the



R.C.A.F. cards which prove that the battery came, this battery came either from 1 ED, or from Mount Hope, one or the other; and also, that the cards were marked "scrap for produce". That is all.

*By Mr. Murphy:*

Q. There are just one or two points I should like to have cleared up. First I should like to have your version on the contract about which you say you were somewhat concerned; about the contract between War Assets and Solway and Sons; about the discussion which took place in your house I think you said between Wing Commander Mahoney, someone else and yourself?—A. My feeling about the contract is simply this, that it is a legitimate understanding involving no reflection on either the gentlemen in the air force or myself. I was shown a piece of paper on which, under exactly the situation described by Wing Commander Foster and Wing Commander Mahoney—that is exactly how it took place. I asked a certain question and they said; well, look, here is the thing to prove it; you see it says here that these batteries had to be sold as scrap and could not be sold complete. And I was shown a piece of paper on which there was a rubber stamp which had something to the effect that the buyer contracts under no circumstances to sell this material as complete units and only as scrap. Now, I did not realize at the time that this was a scrap contract. I thought it was an R.C.A.F. letter of some kind, and I was perhaps obtuse in that I did not realize that at the time. That is the reason why when I was asked before whether or not I had ever seen a scrap contract I said no, because to my knowledge I had not. I did not realize that it was a scrap contract.

Q. At that time, you had the label which was submitted here in evidence?—A. Yes.

Q. Taken from the batteries?—A. Yes, I have the labels.

Q. Did you show them at that time to Wing Commander Mahoney?—A. No, I did not.

Q. Or, did you tell him that you had them?—A. I told Wing Commander Mahoney I had labels, and I had; but I have such a variety of things in my basement and in the house that the small box of labels when I went to put my hands on it had disappeared.

Q. You are still anxious that representatives of this committee go down to your place and see the equipment which came from War Assets?—A. I have extended that invitation to the committee several times.

Q. And that invitation is still continued?—A. Oh yes, definitely.

Q. Also, Dr. Brown, there is the evidence about the motor boat. Do you own a motor boat?—A. No, I do not own a motor boat. There may have been I believe a legitimate understanding without reflection either on the air force or myself as concerned the evidence. I remember very clearly what happened there. I had this battery and they said, what are you going to do with it? I said, here is the very thing that I have in mind using it on, a beautiful landing light which can be geared up to be driven by an electric motor, and I also have an approved type of some general electric positioning switches and I was going to hook the battery up to the positioning switch to the landing light so that I could turn the positioning switch and in that way throw the light in the direction desired when approaching an object or when landing. Quite evidently from that they concluded I had a motorboat. Apparently inadvertently I gave the impression that I had a boat, but actually it is just a dream.

Q. You have no motor boat?—A. No, I have no motor boat.

Q. And there was placed in evidence yesterday an ad in a Tennessee paper—the clerk that ad?

The CLERK: Yes, here it is.

*By Mr. Murphy:*

Q. Dr. Brown, you heard the evidence of Wing Commander Mahoney, are you prepared to say that this is the same type of battery, that it corresponds to the battery on display here,—I mean, the battery referred to in this ad?—A. I am not at the present moment prepared to say that the batteries used by the R.C.A.F. are exactly the same as the battery, the Charles H. Babb Company are advertising in the United States for \$35. I will say about this particular piece of evidence that \$35 is the going price for that same battery in the United States and the prices are 40 per cent on that sort of thing over here in Canada, 40 per cent higher.

Q. You say that the price is 40 per cent higher in Canada than it is in the States?—A. That is right, yes.

Q. That would be about \$15 more on that?—A. That is right, \$50 in Canada.

Q. And that is the price you had on your list?—A. No, I had not heard of the difference in price on the batteries on this type under discussion here. I should like, by the chairman's permission, to submit as evidence after returning home, to submit by mail if I may perhaps five or six clippings from that same paper advertising batteries of exactly this type; that is, batteries which go in that kind of aircraft.

Q. Can you give us the type, for the purposes of evidence and the record, of the battery you have submitted as evidence?—A. 5-J-22.

Q. I see.—A. I have three files of these magazines and I got that \$80 figure by noticing that in the United States this kind of battery was selling to the consumer, the man who wanted one for his plane, at prices ranging from \$50 to \$60. Now, taking that 40 per cent on top of that I arrived at the price of \$80. May I have the committee's permission to submit this as evidence?

Mr. MURPHY: I see no objection to that.

The CHAIRMAN: The chairman sees no objection, if the members have no objection.

Mr. CLEAVER: I recorded my objection yesterday, and in that connection I would like to ask the witness for certain information with respect to the published articles relating to this case; and I want to ask him whether he is motivated by his desire as a citizen to safeguard the tax paying public, or whether he is principally interested in the revenue he receives from the writing of these articles.

The CHAIRMAN: Would you mind coming to that later?

*By Mr. Murphy:*

Q. Just in conclusion; Mr. Brown, I think you said that what you produced in evidence here, that the value of goods reduced to produce, or material and equipment, amounted to \$65,000—material and equipment turned over to junk dealers?—A. \$63,000.

Q. For which you paid \$900?—A. That is right.

Q. And you give the government credit inasmuch as you now assume that the retail price is practically 33-1/3 per cent higher than you at first stated?—A. Yes.

Mr. CLEAVER: May I have the exhibit which was filed by Dr. Brown, also the cards?

*By Mr. Cleaver:*

Q. Dr. Brown, how much money were you promised by the Winnipeg Free Press for this article?

Some Hon. MEMBERS: No, no.

Mr. HOMUTH: Mr. Chairman, you are not going to delve into the man's earnings, or anything like that?

The CHAIRMAN: I would ask the witness to use his own judgment in regard to that answer.

The WITNESS: I did not propose to make any specific dollars and cents for my own sake and for the sake of the *Winnipeg Free Press* and for the sake of the other magazine.

Mr. CLEAVER: Are you afraid to tell us?

Mr. STEWART: I object to this, Mr. Chairman. There are some statements being made.

Mr. MICHAUD: We have a contradictory statement here, and according to all the rules of courts, the witness who comes and talks, he can be asked anything even though it might impeach his credibility. There is nothing wrong with that question.

Mr. HOMUTH: I rise to a point of order.

Mr. MICHAUD: I have not mentioned you at all.

Mr. CLEAVER: My honourable friends seem to be troubled with nerves. I will repeat my question.

Mr. HOMUTH: If I were the witness, I would tell my honourable friend what to do.

Mr. MURPHY: As a member of the committee, I resent anyone imputing that the witness is ashamed to answer. I think that should be struck from the record.

Mr. CLEAVER: The witness said he was going to answer my question. Are you ashamed to answer it?

Mr. MURPHY: I do not think it is fair to a witness, or is it becoming to this committee to impute to any witness that he is ashamed to answer any question.

*By Mr. Cleaver:*

Q. I have asked a question, and I repeat it. How much money were you paid or promised by the *Winnipeg Free Press* for this article?—A. I shall not answer that question in dollars and cents terms, but I will tell the members of the committee, if they are willing to listen, that I have worked in this business since March, 1944, as a private citizen. I have spent my own money—

Mr. MARQUIS: I rise on a question of order, Mr. Chairman. The question is, "How much money did you receive for this article." The witness was asked to answer that. He was not asked what he had done for two years. It is only in connection with the *Winnipeg Free Press* article. The question is quite clear and precise, and I respectfully submit that the witness has to say if he received money or not for that special article.

Mr. HOMUTH: Do not answer.

The WITNESS: May I continue. I have spent \$900 of my own money—

Mr. MICHAUD: Mr. Chairman, I rise on a point of order. I think it is most unfair for any member of this committee to tell the witness not to answer. I think it is tantamount to contempt of court to tell a witness not to answer.

Mr. MCGREGOR: The witness is trying to answer and you won't let him answer.

Mr. CLEAVER: It must be the nervousness of the opposition member.

The CHAIRMAN: Gentlemen, let us forget the political angle at this time. Will you proceed, Mr. Cleaver?

The WITNESS: May I complete my answer? As I said, I have spent \$900 of my own money, and this is the prologue of the answer. I have spent \$900 of



my own money buying equipment that I had already paid for once as a taxpayer—

Mr. McILRAITH: On a point of order, Mr. Chairman, I would say that I have been rather quiet and have not taken much part in the examination of this witness. However, I think the committee must function in a decent way. There was a direct question put to this witness, and he started his answer by saying that he had written a large number of articles, and he was asked a simple question what he was paid for these, and that may or may not have been a proper question. The chairman has given a ruling. If that question is proper, then the witness surely has not the right to go on with the type of thing he is telling us. Surely you must conduct the affairs of the committee on a reasonable basis that where a question is directly asked a direct answer should be insisted to the question put. If he wants to, the witness may, after he has answered the question, give an explanation that he has had great costs. There are no objections to that. I think you will agree that I have not taken away his right of answering any question. This witness, having qualified himself as he did on pages 977 and 978 of the evidence, surely should be entitled to answer a simple question put to him without qualifying it.

Mr. STEWART: On the same point of order, yesterday Mr. Murphy asked a question of Wing Commander Mahoney and Wing Commander Mahoney proceeded to elaborate on that matter.

Mr. CLEAVER: The witness can throw up a smoke screen of five minutes or fifty-five minutes.

Mr. MURPHY: On the same point of order, may I say that I think Mr. McIlraith is fair. I too, rather question the admissibility of this particular question. If the witness decides to answer the question then I will follow along with Mr. McIlraith's reasoning that if he has been paid, then as he has attempted to explain, he has already paid out \$900 as a taxpayer, and by reason of having paid that, I think he is entitled to give an explanation.

The CHAIRMAN: You will have to excuse my lack of experience in handling a question of that kind.

Mr. GOLDING: I remember one thing that in connection with an investigation the Honourable George Drew, wrote an article in *Maclean's Magazine*, and he was asked how much he was paid for that, and he did not hesitate a minute and said immediately \$200. There was no trouble about it.

Mr. REID: I have written many articles for papers and some I have been asked to write in a sensational form and they would pay me for it.

The WITNESS: Would you allow me to give an explanation?

Mr. McCULLOUGH: I object to that. Either this witness is obligated to this committee, or not. I think the committee must conduct its own affairs.

The CHAIRMAN: May I continue the statement I was going to make? As I said before, you will have to excuse my inexperience in dealing with matters of this kind, but I take the same position that I have taken on other cases. I do not think the witness is obliged to state in dollars and cents what he received for this article or any other publication.

*By Mr. Cleaver:*

Q. May I follow up with this question, Mr. Chairman? Did you receive any remuneration from the *Winnipeg Free Press* for writing this article?—A. I did.

Q. Would you mind answering this question? Who is the gentleman sitting here on the right with brown suit with red hair, who gave you a go-ahead signal to answer the question?—A. That is Mr. Ralph Allen.

Q. A writer of the *Maclean's Magazine*?—A. Yes.

Q. Did you receive the amount you asked for, or was there dickering for it?—A. Mr. Chairman, I cannot answer that question without going into the whole question of it, which I attempted to give and which was shouted down.

Q. We will pass on to the next question. Were you paid by *Maclean's* for the articles you wrote for them?—A. Yes.

Mr. PROBE: Are you dealing with the *Maclean's Magazine* article or the one in the *Winnipeg Free Press*? I just want to know what the chairman's ruling is.

Mr. GOLDING: What objection have you to a question of this kind?

Mr. MARIER: I think, without referring to the facts stated in the *Maclean's Magazine*, the honourable member has the right to ask if he was paid because he has not referred to the facts mentioned in the article, but only to the fact that there was an article.

*By Mr. Cleaver:*

Q. Mr. Chairman, I have waited patiently through six meetings of this committee, and I have heard lots of questions asked about many things, and I wish to ask general questions as to the *Winnipeg Free Press* article and the *Maclean's Magazine* article. May I repeat my question? Were you paid by *Maclean's Magazine* for this article which was produced both by yourself and Mr. Ralph Allen?—A. Yes.

Q. Can you tell us why Mr. Allen was called into the picture? Did he have any information, or did you supply all the information?—A. I supplied all the information. The reason for calling in Mr. Allen was that he is an experienced magazine writer.

Q. I do not want this expression to be construed as offensive, but I use the words simply for lack of better words. I suggest to you that Mr. Allen was called in to brighten up the article by way of window dressing.—A. It is probably true that my writing is not very bright.

The CHAIRMAN: Gentlemen, there is the eleven o'clock bell. We shall adjourn until 11.30, or immediately after the Orders of the Day.

---

The committee resumed at 11.30 o'clock a.m.

*By Mr. Cleaver:*

Q. Mr. Chairman, when we adjourned before attending the house session, I understood the witness to admit that Maclean's had supplied a writer to dress up or brighten up the material of Dr. Brown's?—A. I think the record will show that I admitted no such thing.

Q. Tell us what you did admit?—A. I hardly think "admit" is the right word. Mr. Chairman, may I say that some of the members of the committee feel that there is something sinister by having Mr. Allen here in the room, having me exchange glances with him. Mr. Allen is a war correspondent and has been out in the great world, where I have not been, and I find his advice extremely useful. Perhaps, it would be all right if he sat beside me here and then the committee will see that he is not communicating with me in this way.

The CHAIRMAN: I think that would be satisfactory.

Mr. CLEAVER: I would like to have the last question that was asked before adjournment read back.

The CHAIRMAN: It is hardly fair to the reporters to ask them to read back these questions because of the confusion that sometimes exists in the meeting.

The REPORTER:

*By Mr. Cleaver:*

Q. Can you tell us why Mr. Allen was called into the picture? Did he have any information, or did you supply all of the information?—A. I supplied all the information. The reason for calling in Mr. Allen is that he is an experienced magazine writer.

Q. I do not want this expression to be construed as offensive—I used the words for lack of better words—I suggest to you that he was called in to brighten up the article by way of window dressing?—A. It is probably true that my writing is not very bright.

*By Mr. Cleaver:*

Q. I will put the question again. Was Mr. Allen placed at your disposal for the purpose of brightening up this article?—A. Mr. Chairman, what does the honourable gentleman mean by “brightening up”?

The CHAIRMAN: Let us save time by trying to answer the question.

*By Mr. Cleaver:*

Q. As the witness has told us that he is a doctor—a Ph.D, if he cannot answer that question, I will not press it if he does not understand it. I will carry on. Not only were you given the services of one of Canada's outstanding writers in regard to this article, but I believe you also told us that the article was scrutinized by the editor of Maclean's. Is that correct?—A. I do not remember saying that, but it is true.

Q. I listened with quite some interest to the reply which you made to the committee this morning regarding the evidence given to the committee yesterday by the two wing commanders, and I notice that you admit that you did make an error in your previous evidence regarding the fact that the junk contract was shown to you, but you say it was an innocent error?—A. I stated in my evidence the first day here before the committee that I had never seen a junk contract. I remember very clearly being shown by the R.C.A.F. a piece of paper with a stamp on it on which there was something about what should be done with certain types of material. I understood that there was a Crown corporation called the War Assets Corporation which handled all the sales of surplus war goods to consumers and to junk yards. Therefore, when the R.C.A.F. Officer showed me the piece of paper I did not immediately connect it with the War Assets Corporation because I did not think they were engaged in the disposal of junk.

Q. Without any window dressing, the plain fact is that you did make an error when you said you did not see that document?—A. I think that is reasonable.

Q. Why not answer that way in the first instance? I understand that in all your replies you do not deny any of the statements of fact made by either of the wing commanders with respect to the disposal of batteries at No. 1 Equipment Depot? Is that correct?—A. I notice that Wing Commander Mahoney has been very careful to confine his remarks—

Q. Will you please answer the question?—A. May I have it again?

Q. I notice that you did not, in any instance, in your reply evidence this morning deny any of the evidence given yesterday by either of the wing commanders with respect to the disposal of batteries at No. 1 Equipment Depot, Toronto?—A. If I neglected to do that, it is an oversight on my part. Wing Commander Mahoney said that these batteries were unserviceable and unrepairable. I had in my possession a battery surplus card on a battery which came on an R.C.A.F. battery, which has writing on it “surplus to requirements.” It has



not written on it "cracked case" or "broken cap", or anything like that. The reason for scrapping that battery was because it was surplus to requirements.

Q. And from that card you draw an inference?—A. I draw an inference from that card and from the huge pile of new batteries I saw in Solway's yard, and from the batteries I have seen in other parts of the country; from the overwhelming mass of evidence—270 batteries of this kind visible on top of the pile. I draw my inferences from that.

Q. Both wing commanders have pledged their oaths in regard to the operations at No. 1 Equipment Depot with respect to batteries—

Mr. SHAW: Were the officers of the R.C.A.F. pledged on oath?

The CHAIRMAN: No witness has been on oath.

Mr. CLEAVER: I would ask that this witness be sworn immediately. I am not going to listen to a witness who is not on oath.

Mr. MURPHY: It is probably unfortunate that all witnesses were not sworn, but I think most of the members will agree that since others have not been sworn, that they will have objection to Dr. Brown being sworn. It is unfortunate that one witness should be sworn and not the others. If we are going to have sworn testimony, then all the witnesses should be in the same position. If you are going to swear one, then swear them all.

Mr. CLEAVER: I will not press that point, Mr. Chairman.

The CHAIRMAN: I took it for granted that the type of witnesses appearing before this committee would not require me to administer the oath. I can realize that, perhaps, I should have done so, but at this stage I would prefer not to swear Dr. Brown.

*By Mr. Cleaver:*

Q. The fact remains, Dr. Brown, that your evidence is the result of inferences and deductions, which you think are correct, that we have the direct evidence as to how the batteries at No. 1 Equipment Depot were looked after?—

A. Direct evidence consists of statements and letters—

Q. I have a memory; you do not have to tell me.

Mr. MURPHY: I rise on a point of order, Mr. Chairman. The question asked by Mr. Cleaver was that his evidence was on inferences and deductions. The witness' evidence is not based solely on deduction and inferences.

Mr. McCULLOUGH: I do not think I will sit here any longer and have things going along like this, and have these slurs cast on our witness. I think you will agree that I have given the same consideration to all witnesses.

The CHAIRMAN: I think you will agree, Mr. McCullough, that I have been fair in my rulings.

Mr. McCULLOUGH: I think you are allowing too much cross-examination. If the members of the committee want to take upon themselves that the witness is not placing the proper evidence before this committee, that is well and good, but I do not think those inferences—

The CHAIRMAN: If you will allow me to continue, I would say that I have been impartial. I have given a ruling. I have given what I consider about 75 per cent of my rulings against the government members. In the earlier stages of the enquiry there were members other than government members that I have checked, and there were no hard feelings, and I am going to carry on in that fair, impartial manner.

Mr. MCGREGOR: I think the chairman has been pretty fair. What makes me smile is that the honourable member at the end of the table is asking questions about somebody and he evidently was not aware of what was going on in this meeting earlier. If he was closer he would know more.

Mr. CLEAVER: I respectfully accept the spanking administered by Mr. McGregor. Now, going back to Dr. Brown's evidence—

The WITNESS: May I answer, first of all, the question asked by the honourable member? The question asked by the honourable member was about the nature of the evidence that has been given by Wing Commander Mahoney and by me. Wing Commander Mahoney's evidence was hearsay. He has read some letters which were sent by members of his own organization in Toronto, and those members might well be forgiven for, perhaps, colouring the facts.

Mr. MARIER: I object to that. It is not for the witness to judge the evidence that has been given; it is for the members of the committee to judge. If the evidence of the wing commander is hearsay evidence, it is for us to decide. But I do not think it is for the witness now to argue the value of the evidence before the committee. He can mention what he knows.

*By Mr. Cleaver:*

Q. I think, perhaps, I can shorten the matter by asking the witness a direct question. Do you deny the correctness of any of the statements of either of the wing commanders yesterday as statements of fact?—A. Yes, I deny the correctness of a good many statements made yesterday.

Q. Let us have them?—A. First of all, I should like very much to know where that figure of 2,000 batteries came from.

Q. I asked you what you deny as being correct?

Mr. MCGREGOR: He says that the statement was made about 2,000 batteries. He wants to know where the statement came from.

*By Mr. Cleaver:*

Q. Dr. Brown, I would like to know if there are any of the statements that the wing commander made that you deny?—A. The first point I want to bring up is on page 835 in the R.C.A.F.—

Mr. MICHAUD: That was not made yesterday. That is not printed yet.

Mr. PROBE: There were a lot of statements made yesterday, some of which may have been facts and some may have been reports. Mr. Cleaver should refer to the specific statement of fact, and put that to the witness and say, "Is this correct, in your opinion, or is it not?" There were so many statements made yesterday that he is putting an onus on the witness in asking the question the way he does.

Mr. CLEAVER: My friend, Mr. Probe has answered his own question. I do say that the witness was here, and if any evidence was given that was incorrect in fact, he certainly made a note of it. I want to know if there were any statements of fact made by either of the wing commanders yesterday that the witness can deny.

The WITNESS: That number "2,000 batteries" was brought before the committee. It was used all day yesterday.

Mr. MCGREGOR: I protest against this. The honourable gentleman asks a definite question, and the witness is trying to answer that.

Mr. MICHAUD: On a point of order, Mr. Chairman, I suggest that the proper way to ask this question would be to say that Wing Commander Mahoney says this and this, is it true or otherwise. That is the proper way to deny any statement made yesterday.

*By Mr. Cleaver:*

Q. Have you been able to think of even one statement that is incorrect?—A. It is not the time to think that I require; it is quiet in which to talk. May I go back to this number of 2,000? I have here all the magazine articles that I

have written for the *Winnipeg Free Press* and others. Is that number 2,000 mentioned there?

Q. You sat here through the hearings, and you are not a teen-aged boy; you are a very highly educated citizen of this country. If you heard any mis-statements yesterday, you know of them?—A. Wing Commander Mahoney said yesterday at several places in the testimony that there were 2,000 batteries. The implication was made that the figure came from my *Winnipeg Free Press* article. Will some of the members find that figure in that article?

Q. Are there other inaccuracies?—A. Yes, the second one is that Wing Commander Mahoney said that the R.C.A.F. batteries were mutilated and destroyed. I deny that.

Q. On what do you base your denial?—A. I base my denial on the fact that my evidence is concrete. I have the R.C.A.F. cards which are marked; not plates that are sulphated or anything like that, but surplus to requirements. I have here the actual piece of evidence. I have seen, as Wing Commander Mahoney and Wing Commander Foster admit, they have not seen, the full pile of batteries in Solway's yard, with the new mutilated batteries, many of them in crates, all over the top; and what is more, my evidence is my own; I am not reading statements given to me by members of my organization who, as I say, might conceivably have some interest in holding their jobs.

Q. The only piece of concrete evidence you have is the battery sitting there on the table? Is that right?—A. Do you want an answer to that question, Mr. Chairman?

Mr. McCULLOUGH: It is not a question.

*By Mr. Cleaver:*

Q. You say from this battery, that you can state positively it was deliberately mutilated?—A. I say from that battery, and approximately some 270 other batteries.

Q. We have this battery here, yet the others are not here. So let us stick to this. This is the only piece of concrete evidence we have here. That has not been destroyed. Coming to this actual piece of evidence, do you say there is anything in the condition of that battery from which you can positively state that it was mutilated?—A. I submit that is not the only piece of evidence I have to show that such materials were mutilated. I have already invited this committee, several times, to send a deputation down to see six storage batteries, and hundreds of thousands of other pieces of R.C.A.F. equipment which I have for evidence.

Q. I want now for you to answer the question regarding this piece of evidence we have before the Committee. Do you state positively that there is anything about the condition of this battery on which I have my hand, that proves to you that it has been deliberately mutilated? I suggest to you, before you answer, that the damage to that battery could have occurred quite legitimately through accident. Isn't that literally true?—A. It is true that the damage to that single battery that I have here could conceivably; it is a very off chance that it might, but it could conceivably happen; but exactly similar damage could not even happen to 270 batteries that I saw in the pile.

Q. You of course realize that the Committee have not seen the 270 batteries; and you of course realize that we are faced with highly controversial evidence in that regard; but fortunately we have one battery before us. Now, I ask is there anything in that battery to suggest to you that it was deliberately mutilated rather than accidentally damaged?—A. Yes, there are two things which suggest to me, as an amateur detective, that that battery could not have been accidentally mutilated. The first thing is the fact that



this battery bakelite cover fits over it very firmly and is held in place not by one set of spring clamps, but by two sets, and that battery cannot be mutilated in the way it is if those are in place; and even if the battery falls off in transit, it is still in place. My second piece of evidence is this: that in order to knock or to bash in that single cap, it takes a direct blow of an object not wider than  $1\frac{1}{4}$  inches.

Q. Just before you leave that, I suggest to you that that cap sticks up between one-quarter and one-half inch above this terminal closest to you.—A. You will notice that this other terminal forms a protective line on two sides of it.

Q. On one side of it—I take it you are at least trying to be fair.—A. I am speaking of the end one.

Q. I suggest to you that the end one, that the protection is only on one side of it.—A. Here is the end one right here.

Q. Yes, if it fell on the ground and hit there, how would this protect it? —A. If it fell on the ground and hit there, this corner on this piece of lead would be clipped. There would be marks on the lead surrounding it, if this filler cap had been hit by an object similar to a hammer head, shall we say, an axe; then this soft lead on the other side would bear marks of the blow, because an axe head is too wide to hit that exactly; but it was hit very precisely by some small thing such as I suggest, a hammer head.

Q. Have you had it out?—A. Yes.

Q. Would you take it out for me now?—A. All right. It takes a little ingenuity.

Q. Would you tell me again where you say this was struck?—A. It is in its original condition. This adhesive tape is over it to keep the air from entering the battery, and this was struck right here, you can see the mark on the adhesive tape. If you compare the impressions on the adhesive tape of the one which was struck, with the filler cap which was not struck, you will find that the impression is very deeply indented on the one that was struck and very slightly indented on the normal filler cap.

Q. Yes, I call your attention to the fact, Dr. Brown, that the adhesive tape on the adjoining—what do you call it—filler cap?—that the adhesive tape on that cap is also indented.—A. Yes, but I think any member of the Committee will see there is a great difference between the two indentations. Shall we just take this off and ask any member of the Committee which one was the one which was struck?

Q. Or which two? Turn it over, Mr. Chairman, it is the other side we are looking at.—A. No, it is the bottom side we are looking at to see which one bears the impression.

Q. I suggest to you that the adjoining one also has quite a strong impression suggesting to you that the battery fell and struck on both those terminals.—A. Shall we pass it around to the Committee?

Q. Yes, that would be a good idea. I want my friend, Mr. McGregor, to see this. Here, Bob, have you looked at this?—A. Will you handle it by the centre, please, because the ends are in question?

Q. The argument Bob, is over this impression. You will notice that one is almost as bright as the other. Isn't that right?—A. See how deep those are.

Q. I do.

At this point discussion continued off the record.

MR. SHAW: May I ask if the Committee is in session at the present time? There is a bit of lobbying going on down there in the corner.

THE CHAIRMAN: No, I assure you, Mr. Shaw, it is not lobbying, it is an inspection.

*By Mr. Cleaver:*

Q. Dr. Brown, we cannot reach agreement on that point, but I think I am coming to a place where I hope we can reach complete agreement, and that is: that at least three parts of your reply was restricted to threshing old straw extracted from the evidence of this Committee which you gathered out of the Committee minutes. That is true, isn't it?—A. I do not know the exact proportion. I do not think that it is old straw.

Mr. CLEAVER: If you do not want to admit it, it is all right with me.

Mr. McILRAITH: There is one point which would shorten matters. There was a discussion about 2,000 batteries a few moments ago, and where they came from. I would draw your attention to this fact, that it is this witness's evidence at page 983 and 990, where they came from.

Mr. PROBE: He was asked to estimate the number of batteries.

Mr. McILRAITH: The point I want to clear up right now is, that the witness did ask the members to find out where the figure 2,000 came from, a moment or two ago. I did not want to interject at that point; but I would draw the attention of the Committee to the fact that it is to be found in this witness's evidence in a very precise way, at page 983 where he says:—

I figured the volume of that pile and then I figured the volume of one battery, and then using a correcting factor, I arrived at a number of 2,000. Then, just to be on the safe side I believe that in the *Winnipeg Free Press* story, we cut it down to 1,000.

That is where the figure comes from. And again, at page 990, he says, the witness says:—

There were two loads, and those two loads were added to a pile of batteries already in the yard, and I estimate that the total number of batteries in that pile, after the two truck loads had been unloaded onto it, is 2,000.

Mr. MCGREGOR: Is that the first time? That is in report No. 31, July 25. Is that the first time that the 2,000 batteries have been mentioned?

Mr. McILRAITH: I do not know.

Mr. SHAW: I would point out, on page 835 of the R.C.A.F.'s submission, they mentioned 2,000 batteries; so this is not the first mention of it in our evidence.

The CHAIRMAN: No. The statement is as read by Mr. McIlraith and it arose out of a question put to the witness by Mr. Stewart in the first instance, and by Mr. McCullough in the second. All right, Dr. Brown.

*By Mr. Cleaver:*

Q. We have reached a point where I think we can agree.

Mr. MCGREGOR: If the witness has something to say, he should be allowed to do so.

The WITNESS: The 2,000 battery question is still in dispute before this Committee. How many batteries were there? Now, if the first time that figure of 2,000 was mentioned was in my testimony before this Committee on June 28, I believe I must congratulate the R.C.A.F. on their clairvoyance, because they give the exact figure on page 835 of the evidence, 2,000.

*By Mr. McIlraith:*

Q. Exactly, supported by your evidence.—A. Now, is it based upon my published article? Here is the article, would any member care to go through it and see if those figures are mentioned anywhere in it?

Q. You have used it persistently. I do not know what turns on it.

*By Mr. Cleaver:*

Q. Are you commencing to doubt the accuracy of this 2,000?—A. No, I am not commencing to doubt it. It is a very conservative estimate, like all my estimates.

Q. You say it is a very conservative estimate like all your estimates; I am glad to get that, because I am coming to some of the others.—A. Have I the floor, Mr. Chairman?

The CHAIRMAN: Mr. Cleaver, Dr. Brown suggests that he has not finished his answer.

*By Mr. Cleaver:*

Q. All right.—A. This number of 2,000 batteries is one which I gave for the Committee and, after careful consideration in order to be on the safe side, in my public writings we cut that number exactly in half, and the number mentioned all through the *Winnipeg Free Press* articles, on which presumably I am here being examined, is 1,000.

Q. I take it that you followed the same practice with respect to most of your statements. You also cut them substantially. Is that true?—A. Yes, I have been very careful to make conservative estimates.

Q. I think it is fair to state to you, Dr. Brown, that your statement in regard to batteries would be comparable as to the conservative side, with your other statements in the article. Now, coming to your—A. Is that a question, Mr. Chairman?

The CHAIRMAN: I think that was a question.

The WITNESS: If that is a question, this is the answer. I make no such statement about relevant conservatism of my estimates. I merely say that this particular statement I made, 1,000 batteries, that I made, I published 1,000 batteries in that pile, it was an extremely conservative estimate, and further, I have tried to be on the conservative side in my estimate, only in making these allegations.

*By Mr. Cleaver:*

Q. Are there any of your estimates which you have now found to be much too high which you wish to reduce before I proceed?—A. In the question of aircraft batteries which we are discussing now, I have nothing so far to retract, only to say that I saw the pile, I have the evidence, and I have the R.C.A.F. cards.

Q. Is there anything else in your article which you want to retract?—A. To which article are you referring?

Q. The articles in the *Winnipeg Free Press*.

Mr. SHAW: Have these two articles been placed before the Committee as such? If not, I would ask, before we proceed to consider them, that they be placed before this Committee and formally filed.

Mr. CLEAVER: I do not think I am taking any unfair advantage.

Mr. SHAW: I want to know whether or not we are going into the *Maclean's* articles. I have no objection to doing so, but I would like to see it done properly.

Mr. BRADETTE: Those articles should all be linked up.

Mr. STEWART: I again move that we finish this question of batteries. That was the agreed decision of this Committee and I think we should adhere to it.

The CHAIRMAN: I had hoped that was the decision. It was raised by you, Mr. Stewart, but I do not think there was ever a decision made in connection with the thing.



Mr. STEWART: It was agreed that we dispose of the *Winnipeg Free Press* article concerning batteries before we went on to *Maclean's*.

Mr. CLEAVER: I am reading from the *Maclean's Magazine* article.

The CHAIRMAN: If that is so, then I would ask you to table the two articles.

Mr. MARQUIS: I suggest that we finish the *Winnipeg Free Press* article first.

Mr. CLEAVER: I submit that I am entitled to refer to any writings of Dr. Brown which have a bearing on the veracity of his evidence in regard to batteries. I do not mind stating in advance that it is my impression rightly or wrongly, that the statement of the witness that \$80 was the cost of the battery is a gross exaggeration as to the value of the battery we have on exhibition. I am going to use his own evidence so that he cannot attack the fact that he himself fixed the price.

Mr. MURPHY: I think that in fairness to the public that the two articles in *Maclean's* should be filed.

The CHAIRMAN: I will consider them as being filed. I have two copies of them here.

Mr. SHAW: Does that mean that we are opening up a whole, new field?

*By Mr. Cleaver:*

Q. I am only dealing with batteries now. You are familiar with the article which you wrote on the 1st August?—A. Yes.

Q. And you were not under any pressure when you wrote that article other than stating facts as you saw them? I am reading from the first column of the article and the sixth paragraph, and I am questioning as to the measuring stick that was used for costs of this battery at \$80:—

To be specific, I have a basement filled with instruments, mechanisms, tools and gadgets which I estimate cost the tax paying public a total of more than \$45,000—

I suggest to you that the battery is included in that statement. Is not that correct?—A. Yes, that is true.

Q. Your cost figures throughout this article are based not on costs of the buying public but costs to the tax paying public of Canada. Is not that correct?—A. No.

Q. "To be specific, I have a basement filled with instruments, mechanisms, tools and gadgets which I estimate cost the tax paying public a total of more than \$45,000—" Would you please explain that if you did not mean costs to the government of Canada?—A. That passage must be read in connection with another passage which is three inches down from the beginning of the heading: "Transformers", the sentence that appears there—

*By Mr. Stewart:*

Q. Where are you reading?

Mr. MICHAUD: The last paragraph in the first column.

The WITNESS: "Many of them are of types that still haven't returned to the civilian market, but in the latest retail catalogues the cheapest of them is priced at \$4 and the most expensive at \$43."

*By Mr. Cleaver:*

Q. I suggest, Doctor, that you are hardly being fair to yourself in assuming that this committee cannot read in that paragraph that you are not referring to batteries?—A. In the paragraph cited by the honourable member I was referring to Jacob motors, searchlights, and so on.

Q. You say here that you have 62 power transformers in your basement, and that you bought them from junk dealers over a period of two years at a

price range from a few cents to \$2 a piece.—A. The members of the committee will understand that it is extremely hard for a layman to get the exact cost figures on all of this material. In some cases I was able to make what I considered a good estimate to the R.C.A.F., and in other cases I had to take the second hand price, and sometimes the price of such material as it was actually being sold in radio stores. In other cases I had to go to retail catalogues. In this figure of \$63,000 we allowed a great leeway, a leeway of over one-third, so in each specific case of a battery we have allowed ourselves some leeway there.

*By the Chairman:*

Q. May I ask the witness to give us the names of the catalogues that he has referred to.—A. Aikenhead's Hardware in Toronto with regard to some of the hand tools, I looked at the A and A Radio catalogue in Toronto.

*By Mr. Cleaver:*

Q. Did you put a footnote to your article to warn the public not to pay any attention to these flamboyant figures?

Mr. PROBE: I suggest that Mr. Cleaver should not use the word "flamboyant".

*By Mr. Cleaver:*

Q. You did not put any footnote to your article to warn the public that they had to take these figures with a grain of salt like any insurance policy where you are given a lot of rights on the front page and they are taken away on the back page?—A. I gave the figure \$45,000. I admit that all through these articles I was warning the public.

Q. I am going to put a question directly on this point:—

From one junk dealer I bought for \$5 an \$80 storage battery.

When you fixed that \$80 figure do you refer to the cost to the tax paying public?—A. No, that is the cost—

Q. I take it that your answer is no. When you refer to that \$80 as the value of a storage battery were you referring to your article on transformers?

—A. The only figure I referred to as cost to the tax paying public is this figure of \$45,000, because that \$45,000 is in the same paragraph as where I show the cost to the tax paying public.

Q. I am going to take you at your own word on that.—A. Several pages later I did say that from one junk dealer I bought for \$5 an \$80 storage battery, but you will notice in the space between the first statement and the storage battery I have been careful to say that many of the types—

Q. You are talking about transformers? Do you say when you were saying that they had not returned to the civilian market that you were then talking about batteries?—A. No, I say in that particular case I was specifying transformers. You will notice further on at the end of this article, the second last paragraph—

Q. In what column?—A. It is at the end of the article, the second last paragraph from the end. This paragraph begins:—

One of the most fearsome gadgets—

We can go to the last line where I say:—

The Selsyn generators alone are selling second hand for \$8 each in New York.

Q. The point I have in mind in the article which warns the public that in regard to your \$80 cost of batteries you were referring to the retail cost in the United States? Point to me any place in your article that tells the public that.

—A. The article says I bought for \$5 an \$80 storage battery. That \$80 is the cost to the Canadian consumer. If you had a plane and had to go out and buy a battery for that plane, that is what it would cost you.

Q. Where do you say that in your article?—A. I have these handbooks here and—

Q. Tell me where it is in the article?

Mr. PROBE: Mr. Chairman, Mr. Cleaver is using bulldozer tactics here. We have tried to be eminently fair to all witnesses.

Mr. MICHAUD: Have you ever been in the witness box?

Mr. PROBE: I have asked a question and I submit that Mr. Cleaver has a lot of courtroom tactics.

Mr. MICHAUD: I dispute that.

Mr. MARIER: The question is very clear; there is no doubt about it. He asked him to point out in that article about the \$80 battery. He must point that out in the article and not in any notes he may have.

Mr. MICHAUD: The cross-examination is very fair and very skilful.

Mr. CLEAVER: I want to answer Mr. Probe. Mr. Probe accuses me of being unfair to the witness. My point is that this witness has been very unfair to the reading public of Canada.

Some Hon. MEMBERS: Hear, hear.

Mr. CLEAVER: I suggest that the War Assets Corporation has the toughest selling job that any firm private or public has ever had.

Mr. MURPHY: We don't want to listen to a speech.

*By Mr. Cleaver:*

Q. I say it is perfectly fair when I ask the witness to point to any place in the article where he warned the public as to the costs, that he meant the prices were the prices in the United States.—A. I pointed out, possibly not in words, but I have implied that these prices were obtained by different methods. The only price that is mentioned as referring to the cost to the taxpayer is \$45,000.

Q. Let us stick to that. I will let you finish your answer.—A. The next price is from the retail catalogue of companies as to storage batteries, and that is the cost to the consumer; the cost of getting a battery. If you fly a plane in Canada you have to get a battery at the going retail price.

Q. Where is a retail price shown?—A. As to batteries?

Q. Yes.—A. I had lots of material that I could have put in this article but I had to keep it down.

Q. I say that you have deceived the public.

Mr. McCULLOUGH: Mr. Chairman, on a point of order I think you are too lax in this evidence against any witness inasmuch as in cross-examination members are making certain statements, and I think we are being unfair because this is being fed out to the public through the press.

The CHAIRMAN: I have heard you make that statement before that I am too lax. Perhaps I should have checked you before you went as far as you did. In the meantime, I am going to carry on as I have been carrying on. I am going to ask Mr. Cleaver to withdraw that word.

*By Mr. Cleaver:*

Q. I cheerfully withdraw any statement the chair asks me to withdraw, but I suggest to Dr. Brown that he was remiss in his duty when he failed to tell the reading public that in this article in regard to this cost of a storage battery that he was referring to the market cost retailing in the United States.—A. If that is a question I will answer it; if it is an expression of opinion, every man is entitled to his own opinion.



Mr. MURPHY: I think the question should be answered.

The WITNESS: Then in that particular case I did not think that that point was important enough to devote several sentences to it. It is just a phrase in a sentence. The figure in question is \$45,000; that is the cost to the taxpayer of this material.

*By Mr. Cleaver:*

Q. I am coming to that, and I must thank you in advance for having made that so clear. I picked it up in the three stiff pages which I hold in my hand, exhibit 4 of July 30, 1946, which is the record of the cost to the taxpayer with respect to this junk you have in your cellar.—A. You have there an estimate made to the best of my ability of the cost to the taxpayer of the various types I have in my basement.

Q. I find on the top of the page the first card "To Jacobs L4-MB engine—\$16,000" I suggest to you that the cost to the Canadian taxpayer of a Jacobs engine is \$4,000 United States funds, which is \$4,400 Canadian funds.—A. My figure came from some investigation I was making in Montreal in connection with Pratt and Whitney 13-40 engines. I was down at the plant and they quoted me prices ranging from \$7,000 to \$9,000 plus 8 per cent sales tax for an engine which I considered to be comparable to that Jacobs engine.

Q. That is your excuse?—A. That is not an excuse.

Mr. PROBE: That is not the way to make a statement to a witness, and I submit that it is unfair to the witness to begin with, that he was unable to get the information from Wing Commander Mahoney with respect to price, and therefore he had to get the prices in the best possible way he could. Certainly he could not have gone to a better concern than to executives and corporations. I suggest that Mr. Cleaver is unreasonable in not accepting his manner of making deductions.

Mr. CLEAVER: I will answer that. If this witness had told the Canadian public "I do not know whether my figures are correct; this is just my guess", I would not complain about the article. The public would know that it was just a guessing contest.

Mr. PROBE: If he had said that the War Assets Corporation was doing business to the best interest of everybody in Canada, that would have been all right. Therefore, his article is false and malicious.

The CHAIRMAN: Now, gentlemen, order. I am going to exercise that authority which Mr. McCullough thinks I should. Will you proceed, Mr. Cleaver?

*By Mr. Cleaver:*

Q. You are an educated man. Can you compare the Jacobs engine with the Merlin engine? Do you think that is a fair comparison?—A. Bush flyers tell me that they would just as soon have a Jacobs in their plane as a Pratt-Whitney engine.

Q. Who is the bush flyer who ever told you anything like that?

Mr. MICHAUD: Would it be possible to have this cross-examination carried on without some members continually coming to the rescue of the witness? This witness is an intelligent man.

Mr. PROBE: On a point of privilege, I am not rescuing the witness. I have no intention of rescuing the witness. I feel the witness could stand on his own feet. I would like Mr. Cleaver to act like a gentleman. That is all.

Mr. CLEAVER: Are you suggesting that it is ungentlemanly to question this witness when he compares a Jacobs motor with a Pratt-Whitney motor?

The CHAIRMAN: Mr. Cleaver, are you through your questioning?

Mr. CLEAVER: I have just started.

The CHAIRMAN: Carry on, please. Unless there is a point of order raised, I shall allow Mr. Cleaver to complete his questioning.

*By Mr. Cleaver:*

Q. Do you want this committee to believe that a Jacobs motor is comparable to a Pratt-Whitney?—A. Yes, it is quite comparable in every way.

Q. Can you explain to this committee why these skilled, educated men in our department of Munitions and Supply chose to pay so much more for a Pratt-Whitney motor during the war than for a Jacobs motor?—A. I have no explanation for that.

Q. You have no explanation for that. You think that they were not caring for the public funds?—A. I have no thoughts about that.

Q. You say then, that in your opinion, the Jacob motor is comparable in performance to a Pratt-Whitney?—A. Yes, I am a flyer myself. I sit behind the control of those aircraft and fly them, so I feel that I am in a position to know something about it.

Q. Now, having reached the point where you admit that you do not know the cost to the taxpaying public, as you word it, of a Jacob motor, you find that you are over 50 per cent in error?—A. I submit that I am not 50 per cent in error, sir.

Q. Why do you submit that you are not 50 per cent in error? I tell you that the Jacobs motor cost the taxpaying public of this Canada \$4,400 in Canadian funds.

Mr. McCULLOUGH: The hon. member has made a statement as to the cost price of those motors. I submit that he table an exhibit to verify his statement.

Mr. MARQUIS: I do not think an hon. member should dispute the word of another hon. member unless he has evidence contrary to his statement. We have to take the word and the statements of a member of the Committee. We are gentlemen here and I submit that we should treat the members of the Committee as gentlemen.

Mr. McCULLOUGH: I never disputed his word. I said that since he had disputed the witness's statement, I asked for his proof to be put in as an exhibit.

*By Mr. Cleaver:*

Q. Now I ask the witness: Did you make any inquiries of the Jacobs people or the Department of Munitions and Supply, or did you make any inquiries of any authoritative source to find the cost, to the taxpaying public, of the Jacobs motor?—A. I did not publish this figure of \$8,000 each for Jacob engines.

Q. No, but you asked this committee to take your figures, and you yourself, not ten minutes ago, said that this statement was correct. I was hoping at least to find something on which I could cross-examine the veracity of your figure.—A. I have allowed a leeway of \$17,000 between the estimate in there and the published estimate. I was careful to say: I estimate the cost to the taxpayer at so much.

Mr. MARQUIS: Did you produce the list?

*By Mr. Cleaver:*

Q. And \$8,400 of your leeway is shot in the first item.—A. That is the largest item, Mr. Chairman.

Q. Now, we come to another item. I do not know anything about this. Unfortunately, for the witness, I knew something about Jacobs engines. Now, coming to air compressors.

Mr. SHAW: Are we dealing with the general disposal policy of War Assets Corporation?

Mr. CLEAVER: It was produced by this witness.

Mr. SHAW: I am not objecting, but I want to know if I am to be permitted to pursue the whole field of scrap disposal.

The CHAIRMAN: I think in fairness to Mr. Shaw I should make a statement in this connection. I have endeavoured to have the members deal particularly with the subject of batteries. The witness tabled a list of equipment as referred to in his article, I suppose, covering a cost of roughly speaking, \$45,000. Arising out of that exhibit placed before the Committee, Mr. Cleaver is carrying on and asking the witness certain questions.

Mr. SHAW: I have no objection, I simply want to know, because I shall want to go on further.

The CHAIRMAN: You can take that list, Mr. Shaw, and follow it right through.

Mr. MARQUIS: I suggest that the batteries are included in that \$40,000.

*By Mr. Cleaver:*

Q. I do not know of any way in which I can test the veracity of this witness other than from his own evidence and statements. Now, coming to the 84 air compressors, \$30,240, would you please tell us what these air compressors are?—A. These air compressors.

Q. And I would ask the members of the Air Force who are present to make notes because I want to put in evidence what would be the cost to the taxpaying public.—A. The air compressors are for Rolls Royce Merlin engines, of various marks, from 14 through 31, if I remember correctly.

Q. I do not understand that.—A. The various types of Rolls Royce Merlin engines; certain improvements were made in them as the war progressed, and they called the first on Mark one, and the next one, Mark two, and so on.

Q. When was Mark one produced?—A. I have no idea.

Q. And what year was Mark five produced?—A. I have no idea.

Q. And these various air compressors were taken from various Rolls Royce Merlin engines?—A. That is right.

Q. What is their use?—A. They supply air pressure at 300 pounds to operate the various pneumatic devices.

Q. What are the pneumatic devices?—A. Well, I should think, bomb bay doors are opened; some use hydraulic jacks, others pneumatic; some are air operated, and others are operated by oil pressure. You open the bomb bay doors; and some flaps might have booster systems; and you might operate the controls in large aircraft, and so on.

Q. Are these 84 all alike? Are they all air compressors from these Rolls Royce Merlin engines?—A. Yes, they are all exactly the same.

Q. Is there any marking on them to indicate their capacity for size or anything of that sort?—A. Yes, they are stamped. First of all, they are stamped on the back, "cut off pressure 300 pounds." That means that the cut-off spring is set to allow the air to go back through the system at 300 pounds pressure.

Q. What size would they be?—A. They are little things about that big around.

Q. About six inches in diameter?—A. Yes, and about eight inches high by six inches across.

Q. About eight inches high by six inches across. Where did you get them?—A. They came from General Salvage in Toronto.

Q. Have you any idea where General Salvage got them?—A. I know exactly; they came from the R.C.A.F.



Q. Would they come from motors that were worn out?—A. They came from motors.

Q. Would they come from motors that were worn out?—A. I do not know.

Q. Were they all used compressors?—A. Most of them seemed to be used, although it is very difficult to tell, in a junk yard, there had been other material piled on top of them, so there was dirt, and tar on them.

Q. Have you any of them to be seen?—A. I have eight, available for show, and I can trace the rest of them.

Q. Yes, that is all right; Dr. Brown, you, of course, know that in connection with the war, airplanes do wear out; motors do wear out.—A. Yes, I know that.

Q. And upon worn-out motors, some of the components are not worn out, but there would be no market for them, of any kind; you know that?—A. In the case of the compressors, I know that people came from miles around to get those compressors from me.

Q. What would they be used for?—A. I used mine for pumping up tires, for spraying paint, for spraying the garden vegetables, and for general use in the laboratory where you need air pressure.

Q. How would you use them to pump up tires?—A. I used a small motor in connection with them.

Q. That is, you hooked them up stationary in your own home and you used that instead of going to the garage to get air?—A. Yes, because I live out in the country away from service stations.

Q. Yes, I understand. You say you have sold a number of them?—A. Yes, I have.

Q. At what price?—A. From \$7 to \$10.

Q. I take it that you believe that to be a fair price for them; you did not give them away; you got your market value?—A. I am not in that business. All my friends wanted them, and out of the generosity of my heart, I practically gave them away, you see.

Q. Are you speaking facetiously?—A. Yes, that is true.

Q. You say that you gave them away—A. Yes, except for a token payment.

Q. You gave them away except for a token payment. How much do you think you could sell them for on the open market?—A. I never tried to sell them on the open market.

Q. I did not say that you had. What I said was: How much do you think you could sell them for on the open market?—A. I have no thoughts about that.

Q. Yet you want this committee to believe that you gave them away except for a token payment? Is that on a par with the rest of your argument?

Mr. PROBE: What has this got to do with the question?

*By Mr. Cleaver:*

Q. You are familiar with the evidence taken before this committee; I believe you are quite familiar with it—do you remember the evidence given by the deputy minister for Air, in which he stated that it would cost over \$250 per engine to break them down? Do you remember that?—A. Yes, I remember seeing that evidence.

Q. Well, do you think it would be worthwhile for War Assets Corporation to go to that expense with regard to worn out Rolls Royce Merlin engines in order to recover a \$7 compressor?—A. Is the committee interested in my opinions in this matter?

The CHAIRMAN: I do not think that is relevant to the question, Mr. Cleaver, unless I am not bright enough to follow your reasoning.

*By Mr. Cleaver:*

Q. Well, I will ask you this: why did you list those 84 compressors, for the purposes of your article in *Maclean's*—why did you list them at \$360 apiece instead of \$7 apiece?—A. Because the Rolls Royce Merlin engine, I am told on good authority,—I am told on what I consider to be good authority—cost the taxpayers \$20,000 each. Now, I have examined the engines and I have also examined, and I have examined the description, a very lengthy description of the engine published in the British magazine "Airplane", some, perhaps two years ago, a very full description, comprising, I should say, a total of 20 pages, in several issues of the magazine, in which cross-sectional views were given of the engine, which was very fully described. Now, having had some experience in that line, I took that figure of \$20,000 and made an estimate of what proportion those compressors would be of the cost; and by that means—I might say right here that it says right on the compressor: compressor, type so and so, Mark so and so,—which proves, from those articles, that they came off a Rolls Royce Merlin, which is the one under consideration. I arrived at a figure of \$500, then I cut that down, as I always do in those estimates, because, as you can see, it is only common sense. Common sense enters into estimates; expert opinion makes that common sense enter into estimates. So, having arrived at \$500, I cut it down to \$320.

Q. But you did not say anything about common sense in your article?—A. I said on the estimate.

Q. If you wanted to be fair, and if you did not want to incite or inflame the public mind, if you wanted to be fair to War Assets Corporation, why did you not tell the Canadian public, in your article, what you have been telling us now?—A. There was not space.

Q. I suggest to you that there might have been some other reason. The article would not have been half as readable, interesting or flamboyant as this article. Here you have 84 compressors that you sold at \$7 apiece; yet for the purpose of this article you list them at \$30,240.—A. Is that in the article?

Q. It is in your evidence.—A. There is a difference between my evidence and the articles.

*By Mr. Marquis:*

Q. There is a difference between your evidence and the article?—A. Yes.

*By Mr. Cleaver:*

Q. You admit that War Assets Corporation has the toughest selling job that any Canadian firm, private or public, has even had to tackle. I take it that you admit it.—A. Yes.

Q. That it is the toughest selling job that any company, private or public, has had to tackle; so tough a selling job, I submit, that it is up to every person to be fair.—A. Yes, but I do not think you should hide from the public the facts as you see them.

Q. Nor deceive the public.—A. This is your estimate and I deny that my estimate is 30 per cent out. You take a figure of \$4,400 which I will accept for the time being, of a Jacobs L-4-M-B and I would like to see any member in this committee buy one for that.

Q. Let us not get back to this consumer question. You have stated in your evidence that is the cost to the Canadian public; stick to that.—A. I should like to see the R.C.A.F. buy a Jacobs engine for that price. You must add to that the customs tax of 20 per cent and the 8 per cent sales tax, which brings it up to \$5,700. That shows that my estimate of \$8,000 is not 50 per cent high.

Q. On your figures you are only 40 per cent in error.—A. I am not that fast in figuring percentages.

Q. What are your criticism of the general sales policies of the corporation? I take it, in the first place, that they do not sell direct to the consuming public.—A. Mr. Chairman, I have put my criticisms of the War Assets Corporation in a series of articles; that is all I have to say.

Q. Is one of your criticisms the fact that the War Assets Corporation does not sell directly to the Canadian consumer?—A. That is one of the criticisms; if they didn't destroy goods rather than selling them.

Q. You have a criticism that valuable goods have been sold as junk, and that the junk dealers are prohibited from reselling to consumers?—A. Yes, that is another.

Q. Then you have a criticism that preference has been given to export sales?—A. I do not remember saying that.

Q. Then you say that operating costs are too high.—A. I do not remember saying that.

Q. Would that be some of the window dressing that was added to your article?—A. I wonder if the honourable member could read out the exact passage?

Q. I am reading from your article of July 15: "It only represented another 2½ years of tilting with a billion dollar windmill. It only represented dealings with an expensive Colossus, the War Assets Corporation." What do you mean by "an expensive Colossus"?—A. I mean by that that it was a large organization that costs the taxpayers a good deal of money.

Q. I am asking you that question again. I suggest to you that your fourth criticism is that the operating costs of the War Assets Corporation are too high?—A. I do not remember saying that anywhere in the article.

Q. We will leave it as an expensive Colossus?—A. Good.

Q. Let us go into this one thing at a time. First, I want to deal with your objection or criticism that the corporation was not selling directly to the consumer. You know, Dr. Brown, that in Canada to-day we have retail stores and warehouses and large selling staffs in industry well-equipped to sell these commodities that are declared surplus?—A. Yes.

Q. You know that if the Dominion government or War Assets Corporation were to go into the retail business they would have to employ tens of thousands of new hands; would have to rent warehouses for storage and retail places to sell the goods in?

MR. PROBE: I believe we are getting afield now. I do not think this has anything to do with the matter. Mr. Cleaver is putting something on the record that we can discuss amongst ourselves as members of the committee. I do not want to start another serious explosion here, but I think he is getting far afield.

*By Mr. Cleaver:*

Q. The charge is that this War Assets Corporation is an expensive Colossus to the Canadian people. I want to be able to prove from the admissions of this witness himself that that statement is not true, and I am going to try to do that. You know, Dr. Brown, that if the War Assets Corporation should decide to retail these goods that huge staffs would have to be employed for that purpose?—A. Mr. Chairman, would the committee care to have me submit a brief on war economics? I have made a study of that subject and I would be glad to submit it.

Q. You also know, Dr. Brown, that this is only a temporary job; that when the war surpluses are disposed of that these people would be out of work and these buildings rented for the purpose of the sale of these goods would be vacant?—A. If the committee wants a brief I can give it to them. I have made a study of that subject.

Q. I am going to keep on asking you that question.



The CHAIRMAN: I think from a business standpoint that I appreciate the question you are asking. I doubt that Dr. Brown, with his lack of business understanding, has grasped the point you are trying to establish. I would judge that it is to establish the fact that it is not practical for the War Assets Corporation to establish retail outlets.

*By Mr. Cleaver:*

Q. You know, Dr. Brown, that it costs money to retail that type of goods, do you not?—A. Yes.

Q. And you know that even as to large articles such as motorcars that the retailer gets as high as 25 per cent of the selling price of the article?—A. Yes.

Q. But I take it that your criticism of the War Assets Corporation in this regard is that you have a different philosophy; you are a C.C.F.?

The CHAIRMAN: Now, now—

Mr. MCGREGOR: I take it that the honourable member was not here when the witness told us his policy.

Mr. CLEAVER: I heard him say that he was now leaning to the C.C.F.

The CHAIRMAN: Order, please.

Mr. McILRAITH: I would like to say that the actual cost of the Jacobs L4 M-B engine is \$4,115 per unit. That is just for the record.

The committee adjourned at 1.00 o'clock p.m. to meet again on Wednesday, August 7, at 10.00 o'clock a.m.

**APPENDIX A**  
**DEPARTMENT OF NATIONAL DEFENCE**  
**NAVAL SERVICE**

OTTAWA, CANADA, 26th July, 1946.

Our File 7680-150/1

F.D. 7478 (Equip)

DEAR SIR,—

*Attention: R. ARSENAULT, Esq.*

*Clerk of the Committee.*

Reference is made to your letter of 22 July, 1946, and Mr. G. K. Fraser's questions regarding motorcycles and passenger motor vehicles declared surplus to Naval Service requirements.

Herewith is a list of all the vehicles which come under these classifications with the details as requested.

Yours truly,

W. G. MILLS,

*Deputy Minister.*

Committees and Private Legislation,  
House of Commons,  
Ottawa, Ontario.

63 CARS

Naval service declaration No.	Naval service vehicle number	Description	Naval service file numbers	Date declared to C.A.A.C.
HQ. 199	R.C.N. 129	Plymouth.....	7651-129	15/10/45
HQ. 200	R.C.N. 185	Dodge.....	7651-185	15/10/45
HQ. 201	R.C.N. 309	Chevrolet.....	7651-309	15/10/45
HQ. 213	R.C.N. 125	Ford.....	7651-125	15/10/45
HQ. 282	R.C.N. 159	Plymouth.....	7651-159	29/11/45
HQ. 387	R.C.N. 142	Plymouth.....	7651-142	26/12/45
HQ. 402	R.C.N. 141	Plymouth.....	7651-141	28/12/45
HQ. 474	R.C.N. 130	Plymouth.....	7651-130	12/ 2/46
HQ. 478	R.C.N. 115	Ford.....	7651-115	13/ 2/46
HQ. 523	R.C.N. 106	Ford.....	7651-106	14/ 2/46
HQ. 523	R.C.N. 121	Chevrolet.....	7651-121	14/ 2/46
HQ. 523	R.C.N. 122	Chevrolet.....	7651-122	14/ 2/46
HQ. 523	R.C.N. 123	Chevrolet.....	7651-123	14/ 2/46
HQ. 523	R.C.N. 145	Plymouth.....	7651-145	14/ 2/46
HQ. 523	R.C.N. 179A	Ford.....	7651-179A	14/ 2/46
HQ. 523	R.C.N. 180A	Ford.....	7651-180A	14/ 2/46
HQ. 601	R.C.N. 116	Ford.....	7651-116	27/ 3/46
HQ. 602	R.C.N. 127	Chevrolet.....	7651-127	1/ 4/46
HQ. 603	R.C.N. 133	Plymouth.....	7651-133	2/ 4/46
HQ. 604	R.C.N. 146	Plymouth.....	7651-146	26/ 3/46
HQ. 605	R.C.N. 182A	Chevrolet.....	7651-182A	26/ 3/46
HQ. 632	R.C.N. 146A	Chevrolet.....	7651-146A	1/ 3/46
HQ. 666	R.C.N. 119	Plymouth.....	7651-119	2/ 4/46
HQ. 702	R.C.N. 110	Chevrolet.....	7651-110	3/ 4/46

Naval service declaration No.	Naval service vehicle number	Description	Naval service file numbers	Date declared to C.A.A.C.
HQ. 729	R.C.N. 143A	Pontiac.....	7651-143A	5/ 4/46
HQ. 737	R.C.N. 113	Ford.....	7651-113	29/ 5/46
HQ. 753	R.C.N. 123A	Pontiac.....	7651-123A	28/ 5/46
HQ. 754	R.C.N. 181A	Ford.....	7651-181A	28/ 5/46
HQ. 777	R.C.N. 151	Plymouth.....	7651-151	22/ 5/46
HQ. 780	R.C.N. 149	Plymouth.....	7651-149	22/ 5/46
HQ. 781	R.C.N. 131	Plymouth.....	7651-131	28/ 5/46
HQ. 787	R.C.N. 150	Plymouth.....	7651-150	22/ 5/46
HQ. 789	R.C.N. 186A	Plymouth.....	7651-186A	20/ 5/46
HQ. 790	R.C.N. 170	Plymouth.....	7651-170	20/ 5/46
HQ. 791	R.C.N. 143	Plymouth.....	7651-143	20/ 5/46
HQ. 792	R.C.N. 128	Plymouth.....	7651-128	20/ 5/46
HQ. 793	R.C.N. 199	Mercury.....	7651-199	20/ 5/46
HQ. 800	R.C.N. 102	Ford.....	7651-102	8/ 6/46
HQ. 811	R.C.N. 101	Chevrolet.....	7651-101	6/ 6/46
HQ. 841	R.C.N. 136	Plymouth.....	7651-136	6/ 6/46
HQ. 849	R.C.N. 108	Ford.....	7651-108	6/ 6/46
HQ. 850	R.C.N. 109	Ford.....	7651-109	6/ 6/46
HQ. 851	R.C.N. 132	Plymouth.....	7651-132	6/ 6/46
HQ. 881	R.C.N. 111	Ford.....	7651-111	19/ 6/46
HQ. 902	R.C.N. 112	Ford.....	7651-112	20/ 6/46
HQ. 907	R.C.N. 137A	Chevrolet.....	7651-137A	6/ 7/46
HQ. 909	R.C.N. 126A	Dodge.....	7651-126A	18/ 6/46
HQ. 930	R.C.N. 167A	Plymouth.....	7651-167A	9/ 7/46
HQ. 933	R.C.N. 177	Dodge.....	7651-177	9/ 7/46
HQ. 934	R.C.N. 416	Chevrolet.....	7651-416	9/ 7/46
HQ. 936	R.C.N. 184	Plymouth.....	7651-184	9/ 7/46
HQ. 940	R.C.N. 165A	Dodge.....	7651-165A	9/ 7/46
HQ. 941	R.C.N. 166A	Dodge.....	7651-166A	9/ 7/46
HQ. 945	R.C.N. 187A	Mercury.....	7651-187A	10/ 7/46
HQ. 973	R.C.N. 173A	Ford.....	7651-173A	10/ 7/46
HQ. 985	R.C.N. 105	Chevrolet.....	7651-105	22/ 7/46
HQ. 986	R.C.N. 117	Chevrolet.....	7651-117	22/ 7/46
HQ. 987	R.C.N. 134	Plymouth.....	7651-134	23/ 7/46
HQ. 988	R.C.N. 137	Plymouth.....	7651-137	23/ 7/46
HQ. 989	R.C.N. 185A	Dodge.....	7651-185A	22/ 7/46
NF. 173	R.C.N. 126	Ford.....	7651-126	4/12/45
NF. 173	R.C.N. 124	Ford.....	7651-124	4/12/45
HQ. 614	R.C.N. 315A	Carrier Personnel.....	7651-315A	28/ 3/46

## 18 AMBULANCES

HQ. 549	R.C.N. 804	Chevrolet Ambulance.....	7651-804	18/ 2/46
HQ. 550	R.C.N. 805	Chevrolet Ambulance.....	7651-805	18/ 2/46
HQ. 551	R.C.N. 806	Ford Ambulance.....	7651-806	18/ 2/46
HQ. 552	R.C.N. 808	Ford Ambulance.....	7651-808	18/ 2/46
HQ. 553	R.C.N. 809	Chevrolet Ambulance.....	7651-809	18/ 2/46
HQ. 554	R.C.N. 819	Chevrolet Ambulance.....	7651-819	18/ 2/46
HQ. 584	R.C.N. 313A	Ford Ambulance.....	7651-313A	1/ 3/46
HQ. 585	R.C.N. 341A	Ford Ambulance.....	7651-341A	1/ 3/46
HQ. 628	R.C.N. 824	Chevrolet Ambulance.....	7651-824	27/ 6/46
HQ. 728	R.C.N. 811	G.M.C. Ambulance.....	7651-728	5/ 4/46
HQ. 736	R.C.N. 817A	Ford Ambulance.....	7651-817A	29/ 4/46
HQ. 768	R.C.N. 810A	Ford Ambulance.....	7651-810A	22/ 5/46
HQ. 769	R.C.N. 814	Ford Ambulance.....	7651-814	27/ 6/46
HQ. 866	R.C.N. 801	Dodge Ambulance.....	7651-801	5/ 7/46
HQ. 915	R.C.N. 801A	International Ambulance.....	7651-801A	27/ 6/46
HQ. 953	R.C.N. 804A	Studebaker Ambulance.....	7651-804A	27/ 6/46
HQ. 954	R.C.N. 809A	Studebaker Ambulance.....	7651-809A	27/ 6/46
HQ. 955	R.C.N. 803	Chevrolet Ambulance.....	7651-803	27/ 6/46

## 17 JEEPS

HQ. 523	R.C.N. 222A	Ford Jeep.....	7651-222A	14/ 2/46
HQ. 533	R.C.N. 280	Ford Jeep.....	7651-280	1/ 3/46
HQ. 612	R.C.N. 284	Willys.....	7651-284	2/ 4/46
HQ. 657	R.C.N. 277	Ford.....	7651-277	2/ 4/46
HQ. 779	R.C.N. 292	Ford.....	7651-292	22/ 5/46
HQ. 815	R.C.N. 285	Ford.....	7651-285	8/ 6/46



Naval service declaration No.	Naval service vehicle number	Description	Naval service file numbers	Date declared to C.A.A.C.
HQ. 831	R.C.N. 23A	Ford.....	7651-23A	6/ 6/46
HQ. 891	R.C.N. 275	Ford Jeep.....	7651-275	19/ 6/46
HQ. 892	R.C.N. 276	Ford.....	7651-276	19/ 6/46
HQ. 916	R.C.N. 295	Ford.....	7651-295	5/ 7/46
HQ. 938	R.C.N. 262	Ford.....	7651-262	9/ 7/46
HQ. 961	R.C.N. 293	Ford.....	7651-293	15/ 7/46
HQ. 990	R.C.N. 219A	Ford.....	7651-219A	22/ 7/46
HQ. 991	R.C.N. 274	Ford.....	7651-274	22/ 7/46
HQ. 992	R.C.N. 278	Ford.....	7651-278	27/ 7/46
HQ. 993	R.C.N. 279	Ford.....	7651-279	22/ 7/46
HQ. 994	R.C.N. 289	Willys.....	7651-289	22/ 7/46

## 31 STATION WAGONS

HQ. 283	R.C.N. 235	Dodge Station Wagon.....	7651-235	29/11/45
HQ. 403	R.C.N. 226	Chevrolet Station Wagon.....	7651-226	3/ 1/46
HQ. 421	R.C.N. 211	Chevrolet Station Wagon.....	7651-211	21/ 1/46
HQ. 476	R.C.N. 356	Chevrolet Station Wagon.....	7651-356	4/ 2/46
HQ. 523	R.C.N. 205	Chevrolet Station Wagon.....	7651-205	14/ 2/46
HQ. 523	R.C.N. 228	Ford Station Wagon.....	7651-228	14/ 2/46
HQ. 523	R.C.N. 244	Dodge Station Wagon.....	7651-244	14/ 2/46
HQ. 600	R.C.N. 217	Chevrolet Station Wagon.....	7651-217	27/ 3/46
HQ. 606	R.C.N. 229	Dodge Station Wagon.....	7651-229	15/ 3/46
HQ. 607	R.C.N. 230	Dodge Station Wagon.....	7651-230	15/ 3/46
HQ. 608	R.C.N. 231	Dodge Station Wagon.....	7651-231	15/ 3/46
HQ. 609	R.C.N. 240	Dodge Station Wagon.....	7651-240	15/ 3/46
HQ. 610	R.C.N. 241	Dodge Station Wagon.....	7651-241	2/ 4/46
HQ. 611	R.C.N. 253	Chevrolet Station Wagon.....	7651-253	2/ 4/46
HQ. 655	R.C.N. 245	Dodge Station Wagon.....	7651-245	2/ 4/46
HQ. 700	R.C.N. 209	Chevrolet Station Wagon.....	7651-209	3/ 4/46
HQ. 701	R.C.N. 250	Dodge Station Wagon.....	7651-250	3/ 4/46
HQ. 750	R.C.N. 223	Chevrolet Station Wagon.....	7651-223	15/ 5/46
HQ. 758	R.C.N. 237	Dodge Station Wagon.....	7651-237	22/ 5/46
HQ. 759	R.C.N. 236	Dodge Station Wagon.....	7651-236	22/ 5/46
HQ. 773	R.C.N. 246	Dodge Station Wagon.....	7651-246	22/ 5/46
HQ. 778	R.C.N. 216	Chevrolet Station Wagon.....	7651-216	22/ 5/46
HQ. 818	R.C.N. 213	Chevrolet Station Wagon.....	7651-213	8/ 6/46
HQ. 819	R.C.N. 225	Chevrolet Station Wagon.....	7651-225	8/ 6/46
HQ. 830	R.C.N. 212	Chevrolet Station Wagon.....	7651-212	8/ 6/46
HQ. 852	R.C.N. 204	Chevrolet Station Wagon.....	7651-204	6/ 6/46
HQ. 901	R.C.N. 207	Chevrolet Station Wagon.....	7651-207	20/ 6/46
HQ. 951	R.C.N. 231A	Ford Station Wagon.....	7651-231A	9/ 7/46
HQ. 958	R.C.N. 346A	Ford Station Wagon.....	7651-346A	15/ 7/46
NF. 173	R.C.N. 227	Dodge Station Wagon.....	7651-227	4/12/45
NF. 173	R.C.N. 220	Chevrolet Station Wagon.....	7651-220	4/12/45

## 14 MOTORCYCLES

HQ. 251	R.C.N. 20	1942, Harley Davidson.....	7651-20	25/10/45
HQ. 496	R.C.N. 25	1942, Harley Davidson.....	7651-25	11/ 2/46
HQ. 637	R.C.N. 23	1942, Harley Davidson.....	7651-23	1/ 4/46
HQ. 638	R.C.N. 26	1942, Harley Davidson.....	7651-26	2/ 4/46
HQ. 774	R.C.N. 12	1942, Harley Davidson.....	7651-12	22/ 5/46
HQ. 782	R.C.N. 21	1942, Harley Davidson.....	7651-21	22/ 5/46
HQ. 796	R.C.N. 24	1942, Harley Davidson.....	7651-24	5/ 6/46
HQ. 797	R.C.N. 35	1942, Harley Davidson.....	7651-35	5/ 6/46
HQ. 798	R.C.N. 37	1942, Harley Davidson.....	7651-37	5/ 5/46
HQ. 799	R.C.N. 38	1942, Harley Davidson.....	7651-38	5/ 6/46
HQ. 840	R.C.N. 15	1942, Harley Davidson.....	7651-15	8/ 6/46
HQ. 983	R.C.N. 10	1942, Harley Davidson.....	7651-10	22/ 7/46
HQ. 984	R.C.N. 17	1942, Harley Davidson.....	7651-17	22/ 7/46
NFLD. 173	R.C.N. 18	1940, Harley Davidson.....	7651-18	4/12/45
NFLD. 173	R.C.N. 19	1940, Harley Davidson.....	7651-19	4/12/45

## 8 BUSES

Naval service declaration No.	Naval service vehicle number	Description	Naval service file numbers	Date declared to C.A.A.C.
HQ. 771	R.C.N. 995A	Ford.....	7651-995A	22/ 5/46
HQ. 772	R.C.N. 999	Ford.....	7651-999	29/ 4/46
HQ. 877	R.C.N. 997	International.....	7651-997	20/ 6/46
HQ. 878	R.C.N. 990	Ford.....	7651-990	19/ 6/46
HQ. 879	R.C.N. 991	Ford.....	7651-991	18/ 6/46
HQ. 880	R.C.N. 994	Ford.....	7651-994	19/ 6/46
HQ. 1025	R.C.N. 995	Ford.....	7651-995	22/ 7/46
H. 631	R.C.N. 992	Ford.....	6030-180/25	29/ 5/46

Gov. Doc  
Can  
Com  
W

House of Commons  
Economics, & Econ. Cttee

(SESSION 1946)  
(HOUSE OF COMMONS)

CA1 XC 2

-46 W12

SPECIAL COMMITTEE)

ON

# WAR EXPENDITURES

AND

# ECONOMIES

MINUTES OF PROCEEDINGS

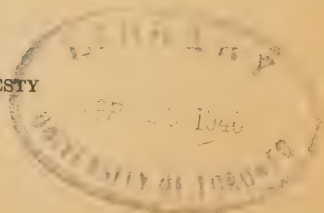
No. 35

THURSDAY, AUGUST 8, 1946

THURSDAY, AUGUST 15, 1946

INCLUDING FIFTH AND FINAL REPORT TO THE HOUSE  
and  
VARIOUS RETURNS FILED WITH THE COMMITTEE

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1946







## REPORT TO THE HOUSE

SATURDAY, August 17, 1946.

The Special Committee on War Expenditures and Economies begs leave to present the following as its

### FIFTH AND FINAL REPORT

Under date of March 22, 1946, your Committee was appointed "to examine the expenditures defrayed out of moneys provided by Parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy decided by the Government, may be effected therein."

The Committee met four days after its appointment and since that date it has held forty-one sittings and heard twenty witnesses.

A Steering Committee was set up and recommended procedure which was approved by the Main Committee.

In giving consideration to matters coming within the scope of its reference, your Committee decided to pursue the inquiries initiated during the last session, and accordingly turned its attention towards the operations of War Assets Corporation, its organization, functions and policies in the marketing of surplus assets, its priority system, etc. It also inquired into the methods of declaring surpluses, and the receiving, checking, and storing of such surpluses before final disposal.

Arising out of these inquiries, it was found expedient to secure evidence from the three armed services, viz: Navy, Army and Air Force with a view to ascertaining what quantities of material and equipment had been transferred to War Assets Corporation for disposal and whether, in the interest of economy, stocks held by these services are limited to their requirements under post-war establishments.

A visit was made to the Head Office of War Assets Corporation, at Montreal, so that first-hand information could be sought and a study made of the general organization and set-up of the Corporation.

Before the Committee had proceeded at any length into the study of quick disposals it was felt that a change in respect of priorities should be given consideration, so that the disposal of surplus material could be effected with greater expedition by revising the method of granting priorities insofar as the time element was concerned. It was, therefore, recommended and approved by the House "that in respect of priorities granted to federal, provincial and municipal governments, the thirty day period now in effect, be reduced to ten days."

From the evidence submitted it was ascertained that greater care should be exercised by the armed services and War Assets Corporation when surpluses were being turned over, and, accordingly your Committee recommended, and the House approved, "that when surpluses are to be declared by the armed services, or from any other source, advance notice be given to War Assets Corporation so that a representative of the Corporation be on hand to check and receive surpluses."

A statement tabled by War Assets Corporation showed gross sales of declared surpluses, from 1944 to July 31, 1946 as follows:—

To March 31, 1945.....	\$ 9,507,127 00
1945—April .....	1,386,291 16
May .....	4,566,293 80
June .....	2,132,337 53
July .....	7,231,162 22
August .....	6,308,356 54
September .....	3,047,375 08
October .....	6,345,218 20
November .....	10,067,956 83
December .....	10,153,689 23
1946—January .....	14,477,019 19
February .....	16,331,943 54
March .....	42,830,725 34
April .....	21,942,541 66
May .....	22,608,326 47
June .....	26,075,839 04
July .....	21,510,947 43
Total .....	<hr/> \$226,523,150 26

The witness representing the Royal Canadian Naval Services presented statements as to their wartime and peacetime requirements, the disposal of surplus assets and the policy to retain sufficient consumable stores for 3 to 5 years, based on the anticipated rate of consumption of the peacetime navy, and for the retention of special equipment. It was shown that the total surplus declarations made by the Navy from VJ-Day to the 31st March, 1946, was as follows:—

Stores (Cost Value) .....	\$ 14,353,284 75
Ships (Cost Value) .....	223,391,221 93
Properties (Cost Value) .....	12,503,132 92
Total .....	<hr/> \$250,247,639 60

The Naval Service witness also supplied a list of yachts chartered commercially, or on a nominal basis, or donated, and a statement showing the disposition made of such yachts, and including moneys required to recondition them for return to their owners. A summary showed:—

- 25 vessels on commercial charters;
- 27 vessels chartered at \$1.00 a year;
- 5 vessels sold and
- 6 vessels on loan without cost from other departments.

The Army witness outlined:—

1. (a) The background of army equipment.  
(b) The organization of provision within the Army to assist in categorizing information deemed necessary by the Committee.
2. The equipment policy to provide for the post-war army, based on the following:
  - (a) An Active Force;
  - (b) A Reserve Force;
  - (c) Supplementary Reserve;
  - (d) Cadet Training.
3. Implementation of the Equipment Policy.



In connection with economy, the governing factors were outlined in respect to:

- (a) Disposal of surpluses at rates consistent with diminishing requirements;
- (b) Retention of stores and equipment required for the post-war army;
- (c) Acquisition of modern stores required to ensure a high degree of efficiency in the post-war army.

It was shown that the Army vehicle surpluses amounted to 24,055, of which 15,955 had been disposed of up to April 1, 1946, and the balance of 8,100 to be disposed of by the end of 1946.

Categorizing of Army Stores and Equipment were shown under the following classifications:

1. General Stores—

- (a) Clothing;
- (b) Camp and barracks equipment.

2. Technical Stores—

- (a) Ammunition;
- (b) Small Arms;
- (c) Radio and Telecommunication Equipment;
- (d) Engineer Equipment.

3. Vehicles—

- (a) Load Carrying and Passenger Vehicles;
- (b) Armoured Fighting Vehicles.

4. Mechanical equipment, including mobile and self propelled Engineer Equipment such as graders and other road machinery, equipment required for clearing snow, etc.

As at April 1, 1946, the approximate cost of these holdings amounted to \$509,286,897, and the approximate cost of materials disposed of to \$86,042,008.

The witnesses were questioned in respect of all these holdings, the need of some and the final disposal of any surpluses.

Your Committee desires to draw to the attention of the House, and particularly to the attention of the Minister of Defence, that in pre-war days there were 93 personnel carrier vehicles and that the post-war requirements show 4,133 vehicles of this type, which number appears excessive.

Witnesses from the Royal Canadian Air Force also appeared before the Committee and gave a general outline of the policies and practices affecting equipment during the latter years of the war, since the cessation of hostilities, as well as those in effect at the present time.

The statement dealt with all forms and types of equipment, provisioning and contract cut-backs, stock retentions, disposal policy and other matters of policy. In connection with declared surpluses, it was shown that the Air Force had declared, as at May 1, 1946, equipment of an approximate total cost of \$624,677,000.

Considerable discussion centred around the destruction of material at Penhold, Calgary and other depots. A statement was submitted which did not meet with general approval. The Committee, as a whole, were critical of the manner in which the R.C.A.F. admittedly acting under general authority from War Assets Corporation, had brought about the destruction of equipment at these R.C.A.F. depots. This equipment which was termed unserviceable (i.e., beyond economical repair) and had been listed as of no marketable value, was marked for physical destruction.

It is to be regretted, and is indeed unfortunate, that no collective statistical data was kept of the equipment which was reduced to produce as it was not apparent at the time that there was any advantage to be gained from the

additional administrative work involved. It was pointed out by the R.C.A.F. that all serviceable bits and pieces and parts were extracted. The destruction, nevertheless, took place; and even though the policy, in this respect has been changed, your Committee takes a definite stand that no such procedure or action should have been followed or allowed. According to R.C.A.F. witness no further destruction has taken place since August, 1945.

Witnesses were also heard from the Special Service Branches of the Navy and Air Force and from the Joint Services Advisory Committee on Welfare, Voluntary and Auxiliary Services, Department of National War Services, respecting donations of materials, equipment and furnishings for the comfort and enjoyment of men and women of the services and the final disposal of same, by sale or otherwise.

Your Committee recommends that such donated equipment, materials and furnishings above referred to and still in stores, be disposed of and that the revenue derived from this source be used for the benefit of the personnel of the armed services.

Because of articles appearing in newspapers and magazines respecting the destruction of war materials, it was deemed advisable to call before the Committee the writer of certain of these articles which charged the Air Force with the alleged mutilation and scrapping of batteries delivered from No. 1 Equipment Depot, Toronto. A report dealing with this subject had previously been received from the Department of National Defence for Air under date of 29th May, 1946, as appears in the Minutes of Proceedings and Evidence of June 6, 1946.

The writer of those articles made what appeared to your Committee serious charges against the Air Force and War Assets Corporation. One of his statements was that, while he had not counted the number of batteries on a junk pile, he figured the volume of one battery, and then, using a correcting factor, arrived at a number of 2,000. The R.C.A.F. witness stated that only 371 batteries had been released from No. 1 Equipment Depot from 25th June, 1945, to October 3, 1945.

Another allegation by the same witness was to the effect that he had purchased for \$5.00 a damaged 5J22 battery, which cost the taxpayers \$80.00. This statement was contradicted and invoices produced to show that this type of battery (5J22) cost the taxpayer only \$14.68.

Certain other figures of costs, as submitted by this writer witness were challenged, and figures of actual cost were given to show the incorrectness of statements contained in printed articles, although the great majority of figures of cost have not yet been examined.

Your Committee's enquiry in this connection had not reached a stage where further comment on the evidence can be made, but your Committee feels that what appear to be sensational articles, should not go unchallenged.

Another subject which your Committee had under consideration and to which it devoted much time and study, is the question of making war surpluses available for instructional and school purposes.

Witnesses were heard in support of a more generous treatment to educational institutions. The policy and procedure whereby War Assets Corporation disposes of surplus material and equipment to educational institutions were submitted to the Committee. These dealt very fully with all phases of this important question and members of the Committee gave careful attention to means whereby useful equipment could be made available to educational

institutions with the least possible delay. While, in the opinion of your Committee the present policy of indefinite loan is sound from the viewpoint of War Assets Corporation, your Committee recommends:

1. That the present policy of indefinite loan to educational institutions be broadened to include equipment not readily saleable.
2. That official educational representatives be permitted to visit and inspect such material and equipment as may be considered of educational value.
3. That there be granted to educational institutions a discount equal to that received by any dealer for similar lines.

In the interest of economy, it is further recommended that additional outlets be found, or other suitable steps taken, with a view to speeding up War Assets Corporation's sales, and thus save storage and maintenance charges and, at the same time, place much needed material in the market.

The following measures are also recommended to speed disposal, viz:—

- (a) Decentralized "Sales-at-the-Site";
- (b) Selecting "short-supply" civilian items for immediate sale;
- (c) Disposing of real property as quickly as possible, consistent with the protection of public interest;
- (d) Making all building material immediately available for construction purposes;
- (e) The non-employment by War Assets Corporation of persons otherwise interested in outside business;
- (f) Greater publicity by War Assets Corporation in respect of the sale and disposal of all war surpluses.

With a view to effecting economy in the armed services, it is further recommended that all Branches review, before the end of 1946, or, as early thereafter as possible, the need of retention of consumable stores, particularly with respect to the building up of reserves of clothing and equipment, bearing in mind the present shortage of many lines required for civilian consumption.

It is also recommended that a review should be made of post-war requirements.

Your Committee recommends that a similar Committee be appointed immediately after the opening of the next session. In this connection, it is respectfully suggested that study be given to the advisability of merging the work of this Committee with that of the Standing Committee on Public Accounts by broadening its reference to include all war expenditures, and that the Committee be known as the Special Committee on National Expenditures.

Your Committee wishes to express its appreciation of the cooperation and assistance received throughout its deliberations, from officials of War Assets Corporation, representatives of the armed services and other departmental officials.

A copy of the Minutes of Proceedings and Evidence taken by your Committee, consisting of 1,130 pages, is annexed hereto.

All of which is respectfully submitted.

GORDON B. ISNOR,  
*Chairman.*





## MINUTES OF PROCEEDINGS

THURSDAY, August 8, 1946.

The Special Committee on War Expenditures and Economies met at 11.30 a.m., the Chairman, Mr. Isnor, presiding.

*Members present:* Messrs. Benidickson, Bradette, Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Isnor, Marier, McCullough (*Assiniboia*), McGregor, McIlraith, McLure, Michaud, Shaw, Stewart (*Winnipeg North*).

The Chairman presented the following report of the Steering Committee:—

“Your Steering Committee met at Thursday, August 1st, and now begs leave to present its Tenth Report.

The following questions addressed to the Chairman, were dealt with as follows:—

1. Questions by Mr. Stewart, (*Winnipeg North*), relating to ex-employees of War Assets Corporation.

The Clerk was directed to write to Mr. Stewart suggesting that the questions be amended by giving the names of the ex-employees referred to.

2. Questions by Mr. Stewart, (*Winnipeg North*), respecting sales of of cotton by War Assets Corporation.

These were referred to the Parliamentary Assistant to the Minister of Reconstruction and Supply.

3. Questions by Mr. McGregor, relating to various subjects as follows:

- (a) The purchase of batteries by the R.C.A.F.
- (b) Air Force field and building near Wiarton, Ont.
- (c) Bickle seagrave fire pumping units.
- (d) Construction of “Cornwallis” at Digby, N.S.
- (e) Tires and tubes sold or in stock.
- (f) Industrial buildings sold through War Assets Corporation or through Reconstruction and Supply.
- (g) Liberty building in Toronto.
- (h) Hydraulic trailers declared surplus, sold, or in stock.
- (i) Cost of certain planes built at Malton, Ont.
- (j) Lands purchased for relief airports.

Questions (a) and (b) have been referred to the Department of National Defence for Air, and the others to the Parliamentary Assistant to the Minister of Reconstruction and Supply.

Your Steering Committee has agreed that this day's sitting of the Main Committee should be devoted to the completion of its inquiry into the disposal of surplus equipment for educational purposes, and recommends accordingly.

All of which is respectfully submitted.”

Mr. McIlraith expressed his disagreement with the report inasmuch as it refused him the opportunity of examining the last witness, Dr. J. J. Brown. Mr. Cleaver also stated that he had not completed his examination of the said witness.

Mr. McGregor expressed the opinion that the Committee was not in a position to report on a number of matters due to questions still left unanswered.

On motion of Mr. Shaw, the Steering Committee's report was adopted.

The Committee then proceeded to discuss the disposal of surplus equipment to educational institutions and a number of suggested recommendations in relation thereto. Members taking part in the discussion included Messrs. Shaw, Stewart, McIlraith, McGregor and Marier.

It was finally agreed that no further witnesses be heard at this time and that the Chairman draft a final report to be considered by the Steering Committee before being presented to the Main Committee for approval.

The Chairman filed a communication from the Deputy Minister of National Defence for Air including a statement in answer to questions by Mr. G. K. Fraser, M.P., on the disposal of motorcycles and motor vehicles. (*See Appendix "A"*).

On motion of Mr. Bradette.

*Ordered*,—That the account of \$150.90 submitted by J. J. Brown, of Todmorden, Ont., in connection with his attendance before the Committee on July 25, 30 31 and August 1, 1946, be approved for payment

At 12.55 p.m., the Committee adjourned to the call of the chair.

THURSDAY, August 15, 1946.

The Special Committee on War Expenditures and Economies met at 11.30 a.m., the Chairman, Mr. Isnor, presiding.

*Members present*:—Messrs. Black (*Cumberland*), Cleaver, Cockeram, Cote (*Verdun*), Golding, Isnor, Marier, Marquis, Murphy, McCullough (*Assiniboia*) McGregor, McIlraith, McLure, Michaud, Reid, Shaw, Stewart (*Winnipeg North*).

The Chairman presented the Eleventh Report of the Steering Committee, as follows:—

Your Steering Committee met on Wednesday, August 14, and now begs leave to present its Eleventh Report.

The Chairman submitted a letter received from Mr. McCullough requesting that Mr. J. H. Berry, President of War Assets Corporation, be recalled to be examined in connection with the statement made by the *Montreal Daily Star* of August 12, 1946, regarding the destruction of shoes and R.C.A.F. equipment.

The Chairman also stated that Mr. A. H. Gray, M.L.A., of Banff, Alberta, had requested that he be heard by the main Committee.

The Chairman reported having advised Mr. McCullough and Mr. Gray that the Committee had agreed, at the last meeting, that no other witnesses would be called.

The following returns were tabled with your Steering Committee:

1. By Mr. McIlraith:—Supplementary answers to Questions by Mr. Donald Fleming, M.P., as recorded on pages 4 and 5 of the Committee Proceedings (*See Appendix "B"*).
2. From the Deputy Minister of National Defence (army):—Answers to questions by Mr. G. K. Fraser, M.P., concerning motorcycles and passenger motor vehicles declared surplus. (*See Appendix "A"*).



3. From War Assets Corporation:— Answers to questions by Mr. G. K. Fraser, M.P., concerning motorcycles and passenger motor vehicles declared surplus. (*See Appendix "A"*).

It is recommended that the above returns be printed in the Minutes of Proceedings and Evidence.

The Clerk also tabled a communication from J. J. Brown, Todmorden, Ont., enclosing copy of an advertisement by Supply Division, Inc., Robertson, Missouri, U.S.A., showing price of certain types of Exide Batteries.

A draft of the Main Committee's Fifth and Final Report was considered and amended, and your Committee agreed unanimously to recommend same for the Main Committee's approval.

All of which is respectfully submitted.

On motion of Mr. Cleaver, the Steering Committee's Report was adopted.

The Chairman then submitted a draft of the Committee's Fifth and Final Report as recommended by the Steering Committee.

The said draft report was read and considered and minor amendments were made thereto.

Mr. McIlraith tabled the following returns:—

1. Answer to Mr. Smith concerning the disposal of crown-owned chemical plants at Trail, B.C., and Calgary, Alta. (*See Appendix "C"*).
2. Answer to Mr. Murphy concerning aircraft engines advertised for sale by War Assets Corporation. (*See Appendix "D"*).
3. Answer to Mr. Reid concerning tugs and other vessels sold by War Assets Corporation through the Calgary Branch Office. (*See Appendix "E"*).
4. Answer to Mr. Stewart concerning Government investment in lands, buildings and equipment, etc. (*See Appendix "F"*).
5. Answer to Mr. McGregor concerning aircraft built at Malton, Ont. (*See Appendix "G"*).

The Chairman also tabled a return from War Assets Corporation in answer to a question by Mr. McGregor concerning the Liberty Building in Toronto (*See Appendix "H"*).

It was ordered that these returns be printed in the Committee's Minutes of Proceedings and Evidence.

Mr. Marquis moved seconded by Mr. Michaud, that the Fifth and Final Report be adopted as amended.

It being then 1.00 p.m., the Committee adjourned until 4.00 p.m.

---

#### AFTERNOON SITTING

The Committee resumed at 4.00 p.m.

*Members present:* Messrs. Cleaver, Cote (*Verdun*), Dion (*Lake St. John-Roberval*), Isnor, Marier, Marquis, Murphy, McCullough (*Assiniboia*), McGregor, McIlraith, Michaud, Reid, Shaw, Stewart (*Winnipeg North*).

The Committee gave further consideration to its Fifth and Final Report and to Mr. Marquis' motion for its adoption.

On motion of Mr. Stewart, it was ordered that the monthly and total gross sales by War Assets Corporation be included in the Report.

The motion by Mr. Marquis that the Report, as amended, be adopted, was carried.

*Ordered*,—That the Chairman present the said Report, as amended, to the House.

It was also ordered that all returns tabled and not yet printed, be incorporated in the next number of the Minutes of Proceedings and Evidence with the Committee's Fifth and Final Report.

The Chairman expressed to all members of the Committee his appreciation of their kind cooperation throughout the Committee's deliberations.

On behalf of the members, Mr. Stewart and Mr. McGregor congratulated the Chairman on the manner in which he had directed the Committee's proceedings.

The Chairman also extended to the Clerk his personal thanks and those of the Committee for his assistance.

The Committee adjourned *sine die*.

R. ARSENAULT,  
*Clerk of the Committee.*

## APPENDIX A

*Answers to questions by Mr. G. K. Fraser, M.P.*

File: 830-1-20 (AMSO/DES)

CANADA

DEPARTMENT OF NATIONAL DEFENCE FOR AIR

OFFICE OF THE DEPUTY MINISTER

OTTAWA, August 1, 1946.

Dear Mr. ARSENAULT,—As requested in your letter of July 22, 1946, the information required by the Special Committee on War Expenditures and Economies for reply to Mr. G. K. Fraser, M.P., is attached.

The answer to question No. 5 has been omitted in both instances and it is presumed that the necessary information in this case will be supplied by War Assets Corporation.

Yours very truly,

JAMES A. SHARPE  
*for H. F. Gordon,*  
*Deputy Minister.*

R. Arsenaault, Esq.,  
Clerk of the Special Committee on  
War Expenditures and Economies,  
Room 433, House of Commons,  
Ottawa, Ontario.

## STAFF CARS

Dec No.	Date	Qty.	Location	CAAC No.	War Assets File No.
GR2-5.....	Apr. 4-44	3		109	No file allotted.
GR-269.....	July 5-44	1		335	" " "
GR2-121.....	Aug. 22-44	1		640	" " "
A1B-54.....	Oct. 27-44	1		1074	" " "
A1B-71.....	Nov. 7-44	1		1259	" " "
A1B-85.....	Nov. 11-44	2		1293	" " "
A1B-86.....	Nov. 11-44	1		1294	" " "
A1B-87.....	Nov. 11-44	1		1292	" " "
A1B-138.....	Nov. 17-44	1		1408	" " "
A1B-169.....	Dec. 1-44	1		1601	" " "
A1B-170.....	Dec. 1-44	1		1600	" " "
A1B-172.....	Dec. 7-44	1		1721	" " "
A1B-180.....	Dec. 7-44	1		1739	" " "
A1B-213.....	Dec. 20-44	1		1816	" " "
A1B-231.....	Jan. 9-45	1		2053	" " "
2A-222.....	May 18-45	1		5041	" " "
2A-251.....	June 20-45	1		6738	
2A-343.....	Sept. 21-45	1		11647	223-28D-250 (1)
2A-386.....	Oct. 10-45	1	Ontario	12549	" " " (18)
2A-388.....	Oct. 10-45	1		12262	" " " (7)
2A-389.....	Oct. 10-45	1		12352	" " " (9)
2A-390.....	Oct. 11-45	1		12693	" " " (22)
2A-391.....	Oct. 11-45	1		12541	" " " (10)
2A-392.....	Oct. 11-45	1		12692	" " " (21)
2A-408.....	Oct. 12-45	1		12542	" " " (11)
2A-419.....	Oct. 17-45	1	Ontario	13685	" " " (43)
2A-420.....	Oct. 17-45	1		12551	" " " (20)
2A-421.....	Oct. 17-45	1		12545	" " " (14)
2A-422.....	Oct. 17-45	1		12544	" " " (13)
2A-437.....	Oct. 19-45	1		12547	" " " (16)
2A-438.....	Oct. 19-45	1		12546	" " " (15)
2A-440.....	Oct. 20-45	1		12550	" " " (19)
2A-456.....	Oct. 26-45	3		13684	" " " (42)
2A-457.....	Oct. 26-45	1		12931	" " " (28)
2A-459.....	Oct. 26-45	3		12933	" " " (30)
2A-461.....	Oct. 26-45	1		12930	" " " (27)
2A-463.....	Oct. 27-45	3		12929	" " " (26)
2A-464.....	Oct. 27-45	1		12928	" " " (25)
2A-465.....	Oct. 27-45	1		12927	" " " (24)
2A-467.....	Oct. 27-45	1		12932	" " " (29)
2A-468.....	Oct. 27-45	1		12926	" " " (23)
2A-563.....	Nov. 15-45	1		13687	" " " (45)
2A-609.....	Nov. 23-45	1		13797	" " " (51)
2A-610.....	Nov. 23-45	1		13793	" " -250 (47)
2A-573.....	Nov. 21-45	1		13681	" " " (39)
2A-571.....	Nov. 21-45	1		13796	" " -250 (50)
2A-648.....	Nov. 29-45	1	Nfld.	14052	" " " (57)
2A-654.....	Nov. 30-45	1		14057	" " " (62)
4-260.....	Dec. 8-45	1		14460	" " -250 (76)
4-301.....	Dec. 14-45	1		14778	" " " (104)
4-436.....	8-1-46	1		15527	" " " (138)
4-435.....	8-1-46	1		15528	" " " (138)
4-459.....	8-1-46	1		15496	" " " (132)
4-458.....	8-1-46	1		15449	" " " (133)
4-463.....	8-1-46	1	Ontario	15931	" " " (150)
4-466.....	10-1-46	1		15727	" " " (143)
4-483.....	25-1-46	1		16116	" " " (164)
4-487.....	14-1-46	1		15928	" " " (147)
4-493.....	14-1-46	1		15927	" " " (146)
4-536.....	17-1-46	1		15939	" " " (158)
4-537.....	17-1-46	1		15940	" " " (159)
4-539.....	17-1-46	1		15934	" " -250 (153)
4-576.....	24-1-46	1		16623	" " " (178)
4-615.....	29-1-46	2		16397	" " " (168)
4-617.....	29-1-46	1	Ontario	16395	" " " (166)
4-618.....	29-1-46	1		16394	" " " (165)
4-639.....	26-1-46	1	Manitoba	16618	" " " (173)
4-1222.....	2-3-46	1	Ontario	19200	" " " (216)



## STAFF CARS

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
4-636.....	29-1-46	1		16504	223-28D-250 (172)
4-656.....	29-1-46	1	Sask.	16619	" " " (174)
4-661.....	30-1-46	2		16620	" " " (175)
4-669.....	30-1-46	1	Ontario	16621	" " " (176)
4-701.....	7-2-46	1		17001	" " " (184)
4-712.....	7-2-46	1	Ontario	17073	" " " (172)
4-1000.....	14-3-46	1	Alberta	18206	" " " (196)
4-1026.....	14-3-46	1		18453	" " " (200)
4-1031.....	23-3-46	1	Ontario	18553	" " " (201)
4-1152.....	23-3-46	1		18986	" " " (210)
4-1280.....	9-4-46	1	Alberta	19268	" " " (218)
4-1402.....	3-5-46	1		20136	" " " (221)
4-1414.....	2-5-46	1	Quebec	20071	" " " (231)
4-1523.....	13-5-46	1		20772	" " " (257)
4-1539.....	13-5-46	1	Alberta	20540	" " " (251)
4-1552.....	13-5-46	2		20538	" " " (249)
4-1699.....	18-5-46	1		20928	" " -252 (228)
4-1707.....	18-5-46	1	B.C.	21021	" " " (273)
4-1717.....	18-5-56	1	Ontario	21014	" " " (266)
4-1719.....	18-5-46	1		21016	" " " (268)
4-1639.....	17-5-46	1	Nova Scotia	20845	" " " (260)
4-1775.....	30-5-46	1	Alberta	21203	" " " (275)
4-1140-A5.....	25-6-46	2	Nfld.	22220	" " -700 (678)
Total quantity declared...		105			

## STATION WAGONS

GR2-5.....	Apr. 4-44	4		109	No file number available
GR2-39.....	May 31-44	1		274	"
GR2-40.....	June 26-44	1		275	"
GR2-128.....	Aug. 24-44	1		...	"
A1B-34.....	Sept. 26-44	1		839	"
A1B-50.....	Oct. 23-44	1		1006	"
A1B-64.....	Nov 7-44	4		1263	"
A1B-66.....	Nov 7-44	1		1262	"
A1B-67.....	Nov. 7-44	1		1261	"
A1B-69.....	Nov 7-44	1		1260	"
A1B-76.....	Nov 9-44	2		1285	"
A1B-80.....	Nov 10-44	1		1286	"
A1B-81.....	Nov 10-44	1		1283	"
A1B-82.....	Nov 10-44	1		1284	"
A1B-85.....	Nov 11-44	1		1293	"
A1B-87.....	Nov 11-44	2		1292	"
A1B-90.....	Nov 22-44	2		1432	"
A1B-92.....	Nov 22-44	1		1431	"
A1B-100.....	Nov 22-44	1		1430	"
A1B-107.....	Nov 15-44	2		1352	"
A1B-108.....	Nov 15-44	1		1353	"
A1B-109.....	Nov 15-44	1		1354	"
A1B-110.....	Nov 15-44	1		1355	"
A1B-122.....	Nov 21-44	2		1403	"
A1B-124.....	Nov 21-44	2		1404	"
A1B-125.....	Nov 18-44	1		1463	"
A1B-126.....	Nov 21-44	1		1405	"
A1B-127.....	Nov 21-44	1		1406	"
A1B-128.....	Nov 18-44	1		1462	"
A1B-129.....	Nov 18-44	1		1461	"
A1B-130.....	Nov 21-44	1		1407	"
A1B-140.....	Nov 22-44	1		1429	"
A1B-149.....	Nov 29-44	1		1599	"
A1B-154.....	Nov 29-44	1		1598	"
A1B-162.....	Nov 29-44	2		1596	"
A1B-163.....	Nov 29-44	1		1595	"
A1B-167.....	Dec 1-44	2		1602	"
A1B-175.....	Dec 7-44	2		1720	"
A1B-203.....	Dec 15-44	2		1831	"
A1B-212.....	Dec 19-44	1		1833	"
A1B-225.....	Jan. 4-45	1		1987	"
A1B-233.....	Jan. 9-45	1		2052	"

NOTE: (Blank in col. 4 indicates "sold or taken over by War Assets ")

## STATION WAGONS—Continued

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
A1B-237.....	Jan. 10-45	1		2073	No file number available
2A-104.....	Feb. 10-45	1		2462	" "
2A-189.....	Apr. 14-45	1		3744	" "
2A-195.....	Apr. 21-45	1		4000	" "
2A-269.....	July 12-45	1		7847	" "
2A-322.....	Sept. 4-45	1		11488	223-28D-250
2A-496.....	Nov. 6-45	2		13362	" " 250(34)
2A-499.....	Nov. 6-45	1		13683	" " 250(41)
2A-523.....	Nov. 9-45	1		13127	" " 250(33)
2A-564.....	Nov. 15-45	2		13686	" " 250(44)
2A-612.....	Nov. 22-45	1	N.S.	13794	" " 250(48)
2A-622.....	Nov. 24-45	1		13798	" " 250(52)
2A-649.....	Nov. 29-45	1		14058	" " 250(63)
2A-651.....	Nov. 29-45	1		14053	" " 250(58)
2A-652.....	Nov. 29-45	1		14054	" " 250(59)
2A-653.....	Nov. 29-45	1		14055	" " 250(60)
2A-658.....	Dec. 4-45	1		14183	" " 250(68)
2A-659.....	Dec. 4-45	1		14182	" " 200(67)
2A-660.....	Dec. 4-45	1		14181	" " 200(66)
2A-661.....	Nov. 29-45	3		14056	" " 200(61)
2A-657.....	Dec. 4-45	2		14185	" " 250(70)
4-229.....	Dec. 4-45	2		14184	" " 250(69)
4-232.....	Dec. 7-45	1		14343	" " 250(75)
4-235.....	Dec. 7-45	2		14341	" " 250(74)
4-239.....	Dec. 6-45	5		14338	" " 250(71)
4-245.....	Dec. 6-45	1		14340	" " 250(73)
4-246.....	Dec. 7-45	1		14461	" " 250(77)
4-247.....	Dec. 7-45	2		14339	" " 250(72)
4-250.....	Dec. 11-45	1	Quebec	16115	" " 250(163)
4-257.....	Dec. 8-45	2		14462	" " 250(78)
4-256.....	Dec. 8-45	3		14629	" " 250(79)
4-259.....	Dec. 10-45	1		14634	" " 252(25)
4-279.....	Dec. 13-45	1		14776	" " 250(102)
4-280.....	Dec. 13-45	1		14777	" " 250(103)
4-286.....	Dec. 12-45	4		14793	" " 250(89)
4-291.....	Dec. 18-45	2		14710	" " 250(84)
4-303.....	Dec. 14-45	2		14713	" " 250(87)
4-305.....	Dec. 14-45	1		14712	" " 250(86)
4-325.....	Dec. 18-45	1		14779	" " 250(105)
4-326.....	Dec. 15-45	2		14709	" " 250(83)
4-334.....	Dec. 17-45	1		14956	" " 250(106)
4-337.....	Dec. 18-45	1		14964	" " 250(107)
4-341.....	Dec. 19-45	8	British Columbia	15154	" " 250(126)
4-347.....	Dec. 19-45	1		14957	" " 250(111)
4-350.....	Dec. 19-45	9		15147	" " 250(119)
4-356.....	Dec. 26-45	1		14715	" " 250(91)
4-357.....	Dec. 26-45	1		14716	" " 250(92)
4-358.....	Dec. 26-45	1		14717	" " 250(93)
4-359.....	Dec. 26-45	2	Ontario	14770	" " 250(94)
4-360.....	Dec. 26-45	2		14771	" " 250(95)
4-368.....	Dec. 21-45	4		15148	" " 250(120)
4-369.....	Dec. 21-45	1		14773	" " 250(96)
4-370.....	Dec. 21-45	2		15149	" " 250(121)
4-371.....	Dec. 21-45	2	Ontario	15150	" " 250(122)
4-372.....	Dec. 21-45	1		15151	" " 250(123)
4-374.....	Dec. 20-45	1		15152	" " 250(124)
4-375.....	Dec. 20-45	1		15318	" " 250(131)
4-377.....	Dec. 26-45	1		14774	" " 250(97)
4-390.....	Dec. 27-45	1		15146	" " 250(118)
4-392.....	Dec. 26-45	1		14719	" " 250(100)
4-393.....	Dec. 26-45	1		14720	" " 250(101)
4-394.....	Dec. 27-45	1		15144	" " 250(116)
4-395.....	Dec. 27-45	2		15143	" " 250(115)
4-381.....	Dec. 26-45	2		14775	" " 250(98)
4-409.....	Dec. 31-45	1		15267	" " 250(128)
4-434.....	Jan. 8-46	1		15529	" " 250(139)
4-445.....	Jan. 9-46	1		15525	" " 250(135)
4-457.....	Jan. 9-46	1	British Columbia	15644	" " 250(142)
4-461.....	Jan. 8-46	1	Labrador	16398	" " 250(169)
4-485.....	Jan. 18-46	2	Alberta	15929	" " 250(148)
4-486.....	Jan. 10-46	1		15530	" " 250(145)

NOTE: (Blank in col. 4 indicates "sold or taken over by War Assets.")

STATION WAGONS—*Concluded*

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
4-491.....	Jan. 11-46	1		15643	223-28D-250 (140)
4-507.....	Jan. 18-46	3	Alberta	15941	" " 250 (160)
4-525.....	Jan. 17-46	1		15942	" " 150 (161)
4-526.....	Jan. 17-46	1	Ontario	15936	" " 150 (155)
4-601.....	Jan. 25-46	2		16625	" " 250 (180)
4-627.....	Jan. 28-46	2	Alberta	16235	" " 250 (171)
4-702.....	Feb. 7-46	1	Ontario	16939	" " 250 (181)
4-773.....	Feb. 15-46	4		17311	" " 250 (186)
4-789.....	Feb. 13-46	1	Quebec	17188	" " 250 (185)
4-832.....	Feb. 25-46	3		17639	" " 250 (189)
4-888.....	Feb. 28-46	1		17564	" " 250 (188)
4-908.....	Mar. 8-46	1		18205	" " 250 (195)
4-1028.....	Mar. 14-46	1		18208	" " 250 (198)
4-513.....	Feb. 28-46	1		17703	" " 252 (91)
4-1041.....	Mar 14-46	1	Ontario	18207	" " 250(197)
4-1077.....	Mar 16-46	1	Alberta	18209	" " 250 (199)
4-1125.....	Mar 23-46	1		18810	" " 250(203)
4-1126.....	Mar 23-46	1	N.B.	18811	" " 250(204)
4-1231.....	Apr. 3-46	1		19096	" " 250(213)
4-1232.....	Apr. 3-46	1		18983	" " 250(207)
4-1276.....	Apr. 11-46	1		19405	" " 250(228)
4-1278.....	Apr 11-46	3	Alberta	19404	" " 250(227)
4-1288.....	Apr 9-46	1	Quebec	19400	" " 250(223)
4-1289.....	Apr 9-46	1	N.B.	19356	" " 250(222)
4-1291.....	Apr. 9-46	1	Alberta	19267	" " 250(217)
4-1303.....	Apr. 15-46	1	N.S.	19703	" " 250(219)
4-1384.....	Apr. 30-46	1		20072	" " 250(232)
4-1387.....	Apr. 30-46	2	Alberta	20214	" " 250(236)
4-1401.....	May 4-46	2		20135	" " 250(220)
4-1413.....	May 2-46	1		20074	" " 250(234)
4-1419.....	May 2-46	1	Ontario	20069	" " 250(229)
4-1443.....	May 7-46	5	Quebec	20430	" " 250(242)
4-1449.....	May 3-46	1	Alberta	20137	" " 250(235)
4-1473.....	May 7-46	1	N.S.	20343	" " 250(240)
4-1480.....	May 14-46	1		20340	" " 250(237)
4-1486.....	May 8-46	1	Manitoba	20385	" " 250(241)
4-1521.....	May 14-46	2	N.S.	20509	" " 250(244)
4-1529.....	May 13-46	1	Manitoba	20770	" " 250(255)
4-1534.....	May 13-46	1	N.S.	20508	" " 250(243)
4-1542.....	May 14-46	2	Alberta	20620	" " 250(247)
4-1546.....	May 13-46	1	Ontario	20619	" " 250(246)
4-1576.....	May 14-56	1		20542	" " 250(252)
4-1579.....	May 14-46	1	N.B.	20543	" " 250(253)
4-1634.....	May 14-46	1	Quebec	21020	" " 250(272)
4-1712.....	May 14-46	1	B.C.	21013	" " 250(265)
4-1718.....	May 14-46	1	Ontario	21015	" " 250(267)
4-1639.....	May 17-46	1	N.S.	20845	" " 250(260)
4-1767.....	May 23-46	1	Ontario	21205	" " 250(277)
4-1788.....	May 23-46	1	Ontario	21206	" " 250(278)
4-1804.....	May 27-46	1	Ontario	21207	" " 250(279)
4-1877.....	June 5-46	1	Manitoba	21677	" " 250(284)
4-1887.....	June 6-46	1	B.C.	21678	" " 250(285)
4-1947.....	June 14-46	1	Manitoba	21926	" " 250(289)
4-1961.....	June 14-46	1	Alberta	21925	" " 250(288)
4-1981.....	June 18-46	1		21964	" " 250(290)
4-1997.....	June 20-46	1	Ontario	22015	" " 250(292)
4-2009.....	June 21-46	1	Manitoba	22080	" " 250(293)
4-2010.....	June 21-46	1		22116	" " 250(294)
4-840-A2.....	June 16-46	1	Quebec	18826	" " 700(446)
4,910-A2.....	June 25-46	1	N.B.	19910	" " 700(496)
4-1140-A5.....	July 25-46	2	Nfld.	22220	" " 700(678)
4-1603-A1.....	July 16-46	1	Alberta	22294	" " 700(752)
Total quantity declared...		257			

(NOTE: Blank in col. 4 indicates "sold or taken over by War Assets".)



## PANELS

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
GR2-17.....	May 3-44	1		SR. 1	No file allotted
GR2-41.....	May 31-44	1		262	" "
GR2-65.....	June 23-44	1		261	" "
GR2-98.....	July 22-44	1		444	" "
A1B-62.....	Nov. 7-44	3		1256	" "
A1B-70.....	Nov. 7-44	1		1253	" "
A1B-73.....	Nov. 7-44	1		1197	" "
A1B-74.....	Nov. 7-44	1		1198	" "
A1B-75.....	Nov. 9-44	1		1287	" "
A1B-91.....	Nov. 22-44	1		1441	" "
A1B-97.....	Nov. 22-44	1		1442	" "
A1B-98.....	Nov. 22-44	1		1447	" "
A1B-101.....	Nov. 22-44	1		1445	" "
A1B-102.....	Nov. 15-44	1		1346	" "
A1B-104.....	Nov. 15-44	1		1347	" "
A1B-105.....	Nov. 15-44	1		1348	" "
A1B-123.....	Nov. 21-44	2		1402	" "
A1B-131.....	Nov. 21-44	1		1401	" "
A1B-132.....	Nov. 18-44	1		1467	" "
A1B-133.....	Nov. 18-44	1		1466	" "
A1B-134.....	Nov. 18-44	1		1465	" "
A1B-135.....	Nov. 18-44	1		1464	" "
A1B-136.....	Nov. 16-44	2		1351	" "
A1B-145.....	Nov. 25-44	2		1518	" "
A1B-146.....	Nov. 25-44	1		1517	" "
A1B-152.....	Nov. 29-44	1		1591	" "
A1B-156.....	Nov. 29-44	1		1590	" "
A1B-157.....	Nov. 29-44	2		1589	" "
A1B-168.....	Dec. 1-44	1		1593	" "
A1B-176.....	Dec. 7-44	1		1718	" "
A1B-215.....	Dec. 20-44	1		1818	" "
2A-199.....	Apr. 24-45	1		4198	" "
2A-216.....	May 14-45	1		5075	" "
2A-493.....	Nov. 6-45	1		13219	223-28D-25-2 (6)
2A-500.....	Nov. 6-45	1		13690	" " " (9)
2A-644.....	Nov. 28-45	1		14062	" " "-252 (12)
2A-643.....	Nov. 28-45	1		14186	" " " (15)
2A-642.....	Nov. 28-45	2		14061	" " " (11)
2A-641.....	Nov. 29-45	4		14063	" " " (13)
4-213.....	Dec. 5-45	1		14468	" " "-252 (20)
4-212.....	Dec. 5-45	3	Ontario	14469	" " " (21)
4-215.....	Dec. 6-45	4		14345	" " " (17)
4-216.....	Dec. 5-45	4		14467	" " " (19)
4-218.....	Dec. 6-45	1		14344	" " " (16)
4-277.....	Dec. 11-45	1		14783	" " " (40)
4-290.....	Dec. 17-45	2		14782	" " " (39)
4-293.....	Dec. 14-45	1		14795	" " " (38)
4-297.....	Dec. 14-45	8	British Columbia	14722	" " " (31)
4-307.....	Dec. 14-45	2		14724	" " " (33)
4-309.....	Dec. 17-45	1		14723	" " " (32)
4-310.....	Dec. 17-45	2		14725	" " " (34)
4-314.....	Dec. 18-45	1		15319	" " " (48)
4-318.....	Dec. 17-45	1		14721	" " " (30)
4-321.....	Dec. 17-45	1		14726	" " " (35)
4-333.....	Dec. 18-45	1		14728	" " " (37)
4-364.....	Dec. 26-45	1		15157	" " " (43)
4-365.....	Dec. 26-45	1	Ontario	15158	" " " (44)
4-383.....	Dec. 26-45	7		15270	" " " (46)
4-345.....	Dec. 26-45	7		15159	" " " (45)
4-469.....	10-1-46	1		15435	" " "-252 (49)
4-482.....	11-1-46	1		15590	" " " (51)
4-497.....	12-1-46	1		15943	" " " (52)
4-566.....	25-1-46	1		16765	" " " (80)
4-626.....	28-1-46	2		17248	" " " (87)
4-633.....	29-1-46	1	Ontario	16238	" " " (65)
4-722.....	7-2-46	1		16949	" " " (83)
4-866.....	25-2-46	2		17641	" " " (90)

NOTE: (Blank in col. 4 indicates "sold or taken over by War Assets.")

## PANELS—Concluded

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
4-928.....	28-2-46	1	B.C.	17704	223-28D-252 (92)
4-1027.....	14-3-46	1		18220	" " " (110)
4-1036.....	14-3-46	1	Quebec	18214	" " " (104)
4-1039.....	14-3-46	1		18218	" " " (108)
4-513.....	28-2-46	2		17703	" " " (91)
4-1079.....	16-3-46	1		18222	" " " (112)
4-1121.....	23-3-46	1		19011	" " " (142)
4-1122.....	23-3-46	1	Ontario	18821	" " " (133)
4-1123.....	23-3-46	1		18822	" " " (134)
4-1124.....	23-3-46	3		18817	" " " (126)
4-1143.....	23-3-46	4	B.C.	18718	" " " (127)
4-1151.....	27-3-46	2	Ontario	18815	" " " (124)
4-1187.....	3-4-46	1		19010	" " " (141)
4-1214.....	3-4-46	1	Nfld.	19008	" " " (139)
4-1215.....	3-4-46	1		19007	" " " (138)
4-1217.....	9-4-46	3	Nova Scotia	19416	" " " (156)
4-1224.....	3-4-46	2		19005	" " " (136)
4-1290.....	11-4-46	1	Quebec	19415	" " " (155)
4-1293.....	9-4-46	1	Ontario	19414	" " " (154)
4-1296.....	9-4-46	1	N.B.	19413	" " " (153)
4-1301.....	15-4-46	1	B.C.	19711	" " " (164)
4-1356.....	26-4-46	1		19940	" " " (166)
4-1369.....	30-4-46	1		20085	" " " (171)
4-1380.....	30-4-46	2	Ontario	20084	" " " (170)
4-1398.....	4-5-46	2	Sask.	20142	" " " (176)
4-1409.....	2-5-46	1	Alberta	20431	" " " (189)
4-1453.....	6-5-46	2	Alberta	20144	" " " (178)
4-1467.....	7-5-46	1	B.C.	20347	" " " (182)
4-1482.....	14-5-46	1	Nova Scotia	20788	" " " (214)
4-1493.....	14-5-46	1	Manitoba	20787	" " " (213)
4-1459.....	8-5-46	3		20350	" " " (185)
4-1533.....	14-5-46	1	Nova Scotia	20535	" " " (210)
4-1536.....	17-5-46	1	B.C.	20869	" " " (223)
4-1556.....	17-5-46	1	Quebec	20627	" " " (196)
4-1561.....	14-5-46	1	Yukon	20629	" " " (198)
4-1564.....	14-5-46	1	N.B.	20546	" " " (206)
4-1672.....	14-5-46	1	B.C.	20639	" " " (205)
4-1613.....	16-5-46	1	Alberta	20623	" " " (192)
4-1619.....	16-5-46	1	Ontario	20625	" " " (194)
4-1650.....	18-5-46	1	Ontario	20863	" " " (231)
4-1655.....	18-5-46	1	Quebec	20930	" " " (230)
4-1689.....	18-5-46	1		21029	" " " (235)
4-1713.....	18-5-46	2	B.C.	21030	" " " (236)
4-1745.....	18-5-46	1	Ontario	20926	" " " (226)
4-1784.....	23-5-46	1	Nfld.	21219	" " " (249)
4-1786.....	23-5-46	2	Ontario	21217	" " " (247)
4-1790.....	23-5-46	3		21215	" " " (245)
4-1801.....	27-5-46	1	Nova Scotia	21224	" " " (258)
4-1832.....	31-5-46	1	B.C.	21223	" " " (255)
4-1838.....	31-5-46	1	B.C.	21222	" " " (254)
4-1885.....	6-6-46	1	B.C.	21692	" " " (276)
4-1888.....	6-6-46	1	Alberta	21691	" " " (275)
4-1937.....	12-6-46	1	B.C.	21830	" " " (277)
4-1963.....	14-6-46	1	Alberta	21927	" " " (285)
4-1967.....	14-6-46	2	Alberta	21890	" " " (282)
4-1991.....	18-6-46	1	B.C.	22036	" " " (288)
4-1992.....	19-6-46	1	Nova Scotia	22017	" " " (290)
4-1978.....	19-6-46	1	Ontario	22038	" " " (292)
4-2012.....	21-6-46	1	Quebec	22117	" " " (293)
4-1311-A3...	25-7-46	1	Ontario	22245	" " -700(703)
4-1316-A2...	16-7-46	1	Ontario	22250	" " -700(708)
4-1507-A3...	25-7-46	1	B.C.	22282	" " -700(740)
4-1600-A1...	16-7-46	1	B.C.	22291	" " -700(749)
4-1602-A1...	16-7-46	1	Yukon	22293	" " -700(751)
Total quantity declared...		193			

NOTE: (Blank in col. 4 indicates "sold or taken over by War Assets")

## OMNIBUS

Dec. No.	Date	Qty.	Location	CAAC No.	War Assets File No.
A1B-199.....	Dec. 15-44	1		1832	No file available.
2A-194.....	Apr. 19-45	1		3918	" "
2A-198.....	Apr. 21-45	1		1757	" "
2A-338.....	Sept. 21-45	1		11652	223-28D-250 (5)
2A-339.....	Sept. 21-45	1		11651	" " " (5)
2A-340.....	Sept. 21-45	1		11650	" " " (4)
2A-341.....	Sept. 21-45	1		11649	" " " (3)
2A-342.....	Sept. 21-45	1		11648	" " " (2)
2A-368.....	Sept. 29-45	1		12270	" " " (8)
4-1379.....	Apr. 30-46	1		20073	" " 250 (233)
4-1415.....	May 2-46	1	British Columbia	20070	" " " (230)
4-1476.....	May 7-46	1	British Columbia	20342	" " " (239)
4-1530.....	May 13-46	1	Newfoundland	20769	" " " (254)
4-1645.....	May 17-46	2	Saskatchewan	20860	" " " (262)
Total quantity declared.....		15			

## MOTORCYCLES

4-1698.....	18-5-46	1	British Columbia	20949	223-28D-258 (1)
4-1708.....	18-5-46	1	British Columbia	21037	" " " (2)
4-1835.....	29-5-46	2	British Columbia	21347	" " " (3)
Total quantity declared		4			

NOTE: (Blank in col. 4 indicates "sold or taken over by War Assets.")

## DEPARTMENT OF NATIONAL DEFENCE

## ARMY

OTTAWA, Ontario, 2nd August, 1946.

CHAIRMAN,  
Special Committee on War Expenditures and Economies,  
House of Commons,  
Ottawa, Ontario.

Dear Sir,—This will acknowledge receipt of your letter dated 22 Jul 46 in connection with questions by Mr. G. K. Fraser, M.P., concerning motorcycles and passenger motor vehicles declared surplus by this Department.

I am pleased to submit herewith, as requested, answers to the enquiry from Mr. Fraser.

Yours very truly,  
A. ROSS,  
Deputy Minister.

## DEPARTMENT OF NATIONAL DEFENCE

## ARMY

*Enquiry of Special Committee on War Expenditures and Economies*  
Mr. G. K. Fraser, M.P.

1. How many motorcycles have been declared surplus by the Department of National Defence (Army)?

2. What are the departmental numbers of the Surplus Declaration forms in each case?



3. On what dates were declarations of surplus motorcycles made?

4. How many of these motorcycles have been disposed of through War Assets Corporation?

5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance with the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these motorcycles now located?

---

1. (a) Sold through Army Salvage and Disposal Board prior to the organization of War Assets Corporation.....	837
(b) Sold through Mutual Aid Board to Russia and France prior to cessation of hostilities.....	1,000
(c) Declared surplus to Crown Assets Allocation Committee.....	3,304
Total .....	5,141

---

2 and 3. The following are departmental numbers of the Surplus Declaration forms for Motorcycles declared surplus to Crown Assets Allocation Committee:—

<i>Declarer's File No.</i>	<i>Date</i>	<i>Quantity</i>
H.Q. 1182-11-13 .....	10 March, 1944.....	771
H.Q. 1182-11-20 .....	8 November, 1944.....	1,000
H.Q. 1182-11-28 .....	7 December, 1944.....	33
H.Q. 1182-11-20 F.D. 12. . .	22 August, 1945.....	500
H.Q. 1182-11-20 .....	22 November, 1945.....	500
H.Q. 1182-11-129 .....	25 April, 1946.....	200
H.Q. 1182-11-129 F.D. 1. . .	14 May, 1946.....	300
Total .....		3,304

---

NOTE.—Surplus Declaration form numbers are not available for motorcycles sold through Army Salvage and Disposal Board and Mutual Aid Board since the vehicles were disposed of prior to the organization of War Assets Corporation.

4, 5 and 6. To be answered by War Assets.

Ottawa, 30 July, 1946.

## DEPARTMENT OF NATIONAL DEFENCE

### ARMY

#### *Enquiry of Special Committee on War Expenditures and Economies*

Mr. G. K. Fraser, M.P.

1. How many passenger motor vehicles have been declared surplus by the Department of National Defence (Army)?

2. What are the departmental numbers of the Surplus Declaration forms in each case?

3. On what dates were declarations of surplus motor passenger vehicles made?

4. How many of these vehicles have been disposed of through War Assets Corporation?

5. How many of these vehicles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these surplus vehicles located?

1. (a) Sold through Army Salvage and Disposal Board prior to the organization of War Assets Corporation .....	56
(b) Declared surplus to Crown Assets Allocation Committee .....	843
Total .....	899

2, and 3.

<i>Declarer's File No.</i>	<i>Date</i>	<i>Quantity</i>
H.Q. 1182-11-1 .....	14 February, 1944 .....	45
H.Q. 1182-11-2 .....	14 February, 1944 .....	358
H.Q. 1182-11-31 .....	8 January, 1945 .....	110
H.Q. 1182-11-36 .....	5 April, 1945 .....	6
H.Q. 1182-11-52 .....	12 May, 1945 .....	1
H.Q. 1182-11-99 .....	12 January, 1946 .....	9
H.Q. 1182-11-101 .....	12 January, 1946 .....	2
H.Q. 1182-11-102 .....	16 January, 1946 .....	1
H.Q. 1182-11-115 .....	7 March, 1946 .....	47
H.Q. 1182-11-122 .....	27 March, 1946 .....	6
H.Q. 1182-11-115 F.D. 1 .....	27 March, 1946 .....	8
H.Q. 1182-11-122 F.D. 1 .....	30 March, 1946 .....	9
H.Q. 1182-11-127 .....	6 April, 1946 .....	12
H.Q. 1182-11-122 F.D. 2 .....	10 April, 1946 .....	19
H.Q. 1182-11-115 F.D. 3 .....	12 April, 1946 .....	25
H.Q. 1182-11-115 F.D. 5 .....	3 May, 1946 .....	5
H.Q. 1182-11-115 F.D. 4 .....	13 May, 1946 .....	18
H.Q. 1182-11-127 F.D. 4 .....	30 April, 1946 .....	33
H.Q. 1182-11-127 F.D. 5 .....	1 May, 1946 .....	1
H.Q. 1182-11-127 F.D. 3 .....	25 April, 1946 .....	1
H.Q. 1182-11-127 F.D. 1 .....	10 April, 1946 .....	20
H.Q. 1182-11-127 F.D. 2 .....	11 April, 1946 .....	9
H.Q. 1182-11-136 F.D. 3 .....	21 May, 1946 .....	3
H.Q. 1182-11-136 F.D. 4 .....	5 June, 1946 .....	3
H.Q. 1182-11-136 .....	17 May, 1946 .....	3
H.Q. 1182-11-136 F.D. 2 .....	21 May, 1946 .....	1
H.Q. 1182-11-136 F.D. 1 .....	17 May, 1946 .....	2
H.Q. 1182-11-133 .....	10 May, 1946 .....	25
H.Q. 1182-11-133 F.D. 1 .....	10 May, 1946 .....	10
H.Q. 1182-11-133 F.D. 3 .....	17 May, 1946 .....	12
H.Q. 1182-11-133 F.D. 2 .....	17 May, 1946 .....	3
H.Q. 1182-11-127 F.D. 6 .....	3 June, 1946 .....	13
H.Q. 1182-11-133 F.D. 4 .....	6 June, 1946 .....	1
H.Q. 1182-11-122 F.D. 3 .....	4 June, 1946 .....	6
H.Q. 1182-11-115 F.D. 6 .....	7 June, 1946 .....	1
H.Q. 1182-11-127 F.D. 7 .....	24 June, 1946 .....	3
H.Q. 1182-11-127 F.D. 9 .....	28 June, 1946 .....	1
H.Q. 1182-11-127 F.D. 11 .....	27 June, 1946 .....	1
H.Q. 1182-11-127 F.D. 12 .....	4 July, 1946 .....	1
H.Q. 1182-11-127 F.D. 13 .....	4 July, 1946 .....	8
H.Q. 1182-11-127 F.D. 8 .....	2 July, 1946 .....	1

Total ..... 843

NOTE:—Surplus Declaration form numbers are not available for passenger motor vehicles sold through Army Salvage and Disposal Board since the vehicles were disposed of prior to the organization of War Assets Corporation.

4, 5, and 6.

To be answered by War Assets.

Ottawa, 30th July, 1946.

## WAR ASSETS CORPORATION

No. 4 TEMPORARY BUILDING

OTTAWA

File: "6" 2-10-3

August 13, 1946.

Mr. R. ARSENAULT,  
Clerk of the Committee,  
Special Committee on War Expenditures and Economies,  
House of Commons,  
Ottawa.

Dear Mr. ARSENAULT:—In reply to your letter of July 22, I am attaching hereto the answers to certain questions which were asked in the House of Commons by Mr. G. K. Fraser, M.P., and referred to the Special Committee on War Expenditures and Economies for reply.

The attached answers are in reply to questions relating to motorcycles and passenger cars which have been declared surplus by the three Armed Services.

Yours very truly,

J. S. IRVIN,  
*Assistant to the President.*

Attachment

*Motorcycles*

Q. How many motorcycles, declared surplus by the Department of National Defence (Naval Services), the Department of National Defence (Army) and the Department of National Defence for Air have been disposed of through War Assets Corporation?—A. As of July 31, 1946, the Corporation has disposed of 3,338 motorcycles received from the declaring Departments referred to.

Q. How many of these motorcycles have been disposed of by sales to ex-servicemen in pursuance with the policy which grants them priority of purchase?—A. All motorcycles have been disposed of to the public through authorized motorcycle dealers in accordance with established policy. None have been sold to ex-servicemen on priority.

Q. In what province or provinces are the remainder of these motorcycles now located?—A. All motorcycles received by the Corporation for disposal have been sold.

Q. How many motorcycles declared surplus by the Department of National Defence, Navy, Army and Air respectively, are still in the hands of War Assets Corporation.—A. None.

*Passenger Cars*

Q. How many passenger vehicles, declared surplus by the Department of National Defence (Naval Services), the Department of National Defence (Army) and the Department of National Defence for Air have been disposed of through War Assets Corporation?—A. As of July 31, 1946, the Corporation has disposed of 843 passenger motor vehicles received from the declaring Departments referred to.

Q. How many of these passenger vehicles have been disposed of by sale to ex-servicemen in pursuance of the priority which grants them priority of purchase?—A. All passenger vehicles have been disposed of to the public through authorized automobile dealers in accordance with established policy. None have been sold to ex-servicemen on priority, however, dealers have been asked to give veterans priority of purchase wherever possible.



Q. In what province or provinces are the remainder of these surplus vehicles located?—A. As of July 31, 1946, the Corporation had the following passenger vehicles on hand located in the provinces indicated below:

Ontario . . . . .	63	Saskatchewan . . . . .	3
Nova Scotia . . . . .	49	Alberta . . . . .	3
Manitoba . . . . .	7	British Columbia . . . . .	22
Quebec . . . . .	15		

Q. How many passenger motor vehicles declared surplus by the Department of National Defence, Navy, Army and Air respectively, are still in the hands of War Assets Corporation?—A. As of July 31, 1946, there were 162 passenger vehicles still on hand.

## APPENDIX B

*Answers to questions by Mr. D. M. Fleming, M.P.*

### OFFICE OF THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

AUGUST 13TH, 1946.

R. ARSENAULT, Esquire,  
Room 433,  
House of Commons,  
Ottawa.

Dear Mr. ARSENAULT,—You will recall Mr. Donald Fleming, M.P., asked certain questions in connection with Research Enterprises Limited, answers to which will be found at page 134, page 419 and page 589 of the Special Committee on War Expenditures and Economies, Minutes of Proceedings and evidence.

In addition to these answers, there were further parts to his questions, which parts and answers thereto I set out hereunder:—

Part 8.—Have government orders for Radar or optical instruments been placed with private industry?

*Answer:* This Department placed no orders for radar equipment with private industry. However, orders for optical instruments have been placed with private companies as follows:—

<i>Company</i>	<i>Store</i>
Ajax-Doret Metal Products Limited, Toronto 5, Ont.	Compasses 6" Precision.
Canadian Kodak Company Limited, Mount Dennis, Toronto, Ont.	Compasses Prismatic Mk.III, Compasses Prismatic Dry, Mk IX, Telescopes.
Bausch & Lomb Optical Co. Limited Toronto, Ont.	Glasses No. 81—23—80.
Brenco Products Collingwood Mfg. Co.	Aiming Devices. Instruments for Testing Straightness of Bore, Mirrors—examining bore.
Cooley Metal Products Limited, Brighton, Ont.	Glasses for Aim Correctors Mks. I & II.

<i>Company</i>	<i>Store</i>
Imperial Optical Company, Toronto, Ont.	Glasses—magnifying. Lenses and Prisms for Collimator N. Mk. I.
Instruments Limited, Ottawa, Ont.	Binoculars—Prismatic, 7 x 50.
Thomas Pocklington Limited, Toronto, Ont.	Instruments Testing Twist of Rifling.
Maritime Optical Company Limited, Quebec, P.Q.	Magnifying Glasses, etc.
Consolidated Optical Company Limited, Toronto, Ont.	Lensometre, etc.
The Ontario Hughes-Owens Company Limited—Ottawa, Ont.	Binoculars, Prismatic, Sighting Instruments, Instruments, Gun Aligning, etc.

Part 9.—(a) Where will Turbo Research Company be located?

(b) On what operations will it be engaged?

*Answer:* It is difficult to answer these two questions precisely for the following reasons:

- (a) It is anticipated that the necessary authority will be obtained to surrender the charter of Turbo Research Limited.
- (b) Turbo Research Limited, under authority granted in November, 1945, was proceeding with the design and construction of Gas Turbine Engines required for the R.C.A.F. This work has been turned over to A. V. Roe Canada Limited.

Part 10. (a) Has the Government of the United Kingdom placed any orders for Radar equipment since V-J Day with Research Enterprises Limited?

(b) Has the Government of the United Kingdom intimated a willingness to place such orders if suitable financing can be arranged?

*Answer:*—(a) No.

(b) No. However late in 1945 local representatives of the British Admiralty Technical Mission indicated that the United Kingdom might be interested in procuring an additional undetermined quantity of Radar Type 931 which would be similar to the 12 units then being manufactured for the United Kingdom by Research Enterprises Limited. In March 1946 the British Admiralty Technical Mission advised by letter that the United Kingdom had decided not to place the order which had been discussed. At no time during these discussions was the matter of suitable financing brought up.

Yours very truly,

GEORGE J. McILRAITH,  
*Parliamentary Assistant to the Minister.*

## APPENDIX C

*Answers to questions by Mr. A. L. Smith, M.P.*

## OFFICE OF THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

AUGUST 14, 1946.

R. ARSENAULT, Esquire,  
Room 433,  
House of Commons,  
Ottawa.

Dear Mr. ARSENAULT:

Re—*Special Committee on War Expenditures and Economies*

At the meeting held on May 30, 1946 a question was asked by Mr. A. L. Smith, M.P., concerning the disposal of Crown-owned chemical plants at Trail, B.C. and Calgary, Alberta, which were operated during the war period by the Consolidated Mining and Smelting Company of Canada, Limited.

It was agreed at that time that a statement would be made as soon as the sales transactions, then pending, were finalized.

I enclose herewith four copies of the statement.

Yours very truly,

GEORGE J. McILRAITH,  
*Parliamentary Assistant to the Minister.*

GJM:MM

Enc. 4.

Statement by J. H. Berry, President, War Assets Corporation, re sale to Consolidated Mining and Smelting Company of Canada Limited of Crown owned Chemical Plants at TRAIL, B.C. and CALGARY, ALTA.

The plant located at Trail, B.C. for the production of ammonia and ammonium nitrate, known as Project No. 8, was constructed by Consolidated Mining and Smelting Company of Canada Limited, in 1940, for and on behalf of the British Government, without fee or profit. The cost of the plant was \$5,800,000, which was provided by the British Government. The plant was operated for and on behalf of the British Government by Consolidated without fee or profit. The plant was taken over by the Canadian Government as part of the assets of the British Government in Canada under the general agreement made for the take-over of British Assets in Canada in 1943.

By Clause 32 of the agreement, the disposal of the plant was limited as follows:—

*Disposal of Plant*—His Majesty agrees that, subject to clause 31 hereof, he will not dispose of the said plant or any part thereof (whether by sale or upon lease or licence or otherwise howsoever) without first offering such plant or such part thereof to the Company. If such offer does not result in the disposal of the plant or such part thereof to the Company His Majesty agrees that he will not, until the day of the expiration of five (5) years next ensuing after the termination of the present war, or until the day of the expiration of twenty (20) years after the death of the last survivor of the issue now living of His Majesty King George VI, whichever day shall be the earlier, dispose of the said plant or any part thereof to any third party (whether by sale or upon lease or licence or



otherwise howsoever) without giving to the Company an opportunity for thirty (30) days to acquire the said plant or such part thereof, as the case may be, at the same price and upon the same terms and conditions as His Majesty is able to obtain and is willing to accept from such third party.

His Majesty agrees that any such offer shall include the land on which the plant or part thereof being dealt with is erected, and undertakes to procure all proper assurances of such land according to the circumstances, together with the benefit of all servitudes thereto.

Clause 31 referred to in the above mentioned clause refers to an assignment by the British Government to any Allied Government.

---

The plant at Calgary, Alberta, for the production of ammonia and ammonium nitrate known as Project No. 12 was constructed by Alberta Nitrogen Company Limited, a wholly-owned subsidiary of Consolidated Mining and Smelting Company of Canada Limited, in 1940 for and on behalf of the British Government without fee or profit. The cost of the plant was \$9,800,000, which was provided by the British Government. The plant was operated for and on behalf of the British Government by Alberta Nitrogen Products Limited, a wholly-owned subsidiary of Consolidated Mining and Smelting Company of Canada Limited, without fee or profit. The plant was taken over by the Canadian Government as part of the assets of the British Government in Canada under the general agreement made for the take-over of British assets in Canada in 1943.

By Clause 13 of this agreement the disposal of the plant was limited as follows:—

*Disposal of Plant*—The Government agrees that it will not dispose of the plant or any part thereof (whether by sale or upon lease or licence, or otherwise howsoever) without first offering the plant or such part thereof to the Consolidated. If such offer does not result in the disposal of the plant or such part thereof to the Consolidated, the Government agrees that it will not, until the expiration of fifteen (15) years next ensuing after the termination of the present war, dispose of the plant or any part thereof to any third party (whether by sale or upon lease or licence, or otherwise howsoever) without first giving to the Consolidated an opportunity for thirty (30) days to acquire the plant or such part thereof, as the case may be, at the same price and upon the same terms and conditions as the Government is able to obtain and is willing to accept from such third party.

The Government agrees that any such offer shall include the land on which the plant or part thereof being dealt with is erected, and undertakes to procure all proper assurances of such land according to the circumstances, together with the benefit of all servitudes thereto.

These plants were constructed and operated for the production of ammonia and ammonium nitrate for military purposes. Late in 1943, the requirements of ammonia and ammonium nitrate dwindled and it was then arranged with Consolidated that the plants would be operated for the production of ammonia and ammonium nitrate for fertilizer on the same basis until the cessation of hostilities. When fighting ceased in 1945, Consolidated raised the question as to the future operation of these plants. Officials of Allied War Supplies Corporation, the Government-owned Company which was supervising these operations, recommended that if the plants were to be sold, the price of \$7,000,000 would be fair, having regard to the fact that the operations of the plants for the production

of fertilizer had resulted in the Government recovering practically all of the original investment. Discussions took place with Consolidated with respect to the purchase by them of the plants and Consolidated, after lengthy discussion, offered \$6,350,000 for the two plants. Having regard to the nature of the plants, it was not felt advisable to ask for public tenders, but rather that a bid or bids should be solicited from any other company in Canada which it was felt would be interested in purchasing the plants. Standard Chemical Company Limited of Toronto was asked to submit a bid and it offered the sum of \$7,500,000 for the two plants, payable over ten years. The plants were offered to Consolidated upon the same terms and conditions as made in the offer from Standard Chemical Company Limited, and were accepted by Consolidated. Consolidated has since agreed to pay the full purchase price in cash.

15-7-46

## APPENDIX D

*Answer to question By Mr. J. W. Murphy, M.P.*

THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

AUGUST 14, 1946.

R. ARSENAULT, Esquire,  
Room 433, House of Commons,  
Ottawa.

Dear Mr. ARSENAULT: Re—*Special Committee on War Expenditures and Economies*

At the meeting on June 18, 1946 an answer was given to a question asked by Mr. Murphy, M.P., concerning aircraft engines which had been advertised for sale by War Assets Corporation and it was indicated that supplementary information would be given.

I enclose herewith four copies of the question and answer.

Yours very truly,

GEORGE J. McILRAITH,  
*Parliamentary Assistant to the Minister.*

GJM:MM

Enc. 4.

*Question asked by Mr. Murphy, M.P., at a meeting of the Special Committee on War Expenditures and Economies held on June 4, 1946.*

*Question.*

Would you also let us know what the results of that ad were and what sales were made? (Minutes of Evidence, page 625.)

*Answer.*

<i>Advertised for Sale</i>	<i>Processed</i>	<i>Sold</i>	<i>Balance</i>
Mercury XX .....	149	84	65
Mercury XV .....	57	38	19
Mercury VIII .....	23	1	22
Cheetah IX .....	585	92	493
Cheetah X .....	1040	2	1038
Wasp .....	33	21	12
Merlin .....	298	111	187
Perseus XII .....	20	13	7
Pegasus XVIII .....	7	1	6
	2212	363	1849

In addition to the above, purchasers have cancelled orders amounting to 28.

## APPENDIX E

*Answers to questions by Mr. T. Reid, M.P.*

### OFFICE OF THE MINISTER OF RECONSTRUCTION AND SUPPLY OTTAWA, CANADA

AUGUST 14, 1946.

R. ARSENAULT, Esquire,  
Room 433,  
House of Commons,  
Ottawa.

*Re Special Committee on War Expenditures and Economies.*

Dear Mr. ARSENAULT:

At the meeting on June 6, 1946, dealing with the disposal of tugs and other marine craft by War Assets Corporation, as indicated on page 663 of the Evidence, the following question was asked by Mr. Reid, M.P.:—

Why were tugs and other vessels sold through the Calgary Branch Office?

Were the sales negotiated in Montreal and the Calgary Branch used for documentation purposes only?

I enclose herewith five copies of this question and the answer.

Yours very truly,

GEORGE J. McILRAITH,  
*Parliamentary Assistant to the Minister.*

GJM:MM  
Enc. 5.



*Question asked by Mr. Reid on June 6/46*

Q. Why where tugs and other vessels sold through the Calgary Branch Office? Were the sales negotiated in Montreal and the Calgary Branch used for documentation purposes only?—A. All vessels sold by Calgary Branch were U.S. surplus and proceeds were deposited to the credit of the U.S. Government in accordance with an agreement between that Government and the Government of Caanda. A further check of the original list entitled "War Assets Corporation Ship Sales, October 1, 1944 to April 15, 1946 Inclusive" shows that the following boats which were listed as sold through the Calgary office should now read:

## TUGS

Vessel	To whom sold	of	Date sold	Branch	Price
"Chicoutimi".....	Sorel Harbor Tugs Ltd....	Sorel, Que. ....	Oct. 5-45.	Montreal.....	\$ 7,000
"Ebess".....	Donald A. Clark.....	Port Arthur, Ont.	Oct. 26-45	" .....	6,500
"Hudson Bay".....	Keating & Sons Ltd.....	Montreal.....	Nov. 8-45	Vancouver.....	100
"Nor-West-One".....	Harbour Towing Co.....	Vancouver.....	Dec. 45	" .....	7,500
"La Fille".....	H. A. Jones Estate Ltd....	" .....	"	" .....	2,600
"Glen Class Tug".....	McKenzie Barge & Der- rick Co.	" .....	"	" .....	71,500
"Leola Vivian".....	Vivian Engine Works.....	" .....	"	" .....	10,000
"Pierreville".....	Dept. Transport.....	Ottawa.....	Jan. 4-46	Montreal.....	9,000
"Johnville".....	Dept. Public Works.....	Ottawa.....	Jan. 5-46	" .....	9,000
Miscellaneous— 2 Skimmers.....	Specialty Sales Co.....	Montreal.....	Nov.20-45	Montreal.....	1,400

## APPENDIX F

*Answers to questions by Mr. A. Stewart, M.P.*

## OFFICE OF

THE MINISTER OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

AUGUST 14, 1946.

R. ARSENAULT, Esquire,  
Room 433,  
House of Commons,  
OTTAWA.

*Re Special Committee on War Expenditures and Economies*

Dear Mr. ARSENAULT:

Under date June 7, Mr. A. Stewart, M.P., asked the following question in Committee:—

1. What was the Government investment in—

- (a) land
- (b) buildings
- (c) equipment

as at 15th May, 1946, in each of the Crown plants, government operated; Crown plants privately managed; Crown companies; Government operated; privately owned and operated plants as shown in Appendix No. 1 to Votes and Proceedings, Tuesday, April 10, 1945?

2. What investments have been liquidated as at 15 May, 1946, and what amounts were received for each individual category of asset as named above and to whom were the sales made?

You will note that part of the question refers to an Appendix in the Votes and Proceedings of April 10, 1945, on Government-financed Expansion of Industrial Capacity in Canada as at December 31, 1944, and asks for the same information as at May 15, 1946. This information is not available as of May 15, 1946, but I now have it available as at December 31, 1945, and I enclose herewith a statement entitled, "Government-Financed Expansion of Industrial Capacity in Canada, as at December 31, 1945", in answer to part 1 of the question.

With respect to part 2 of the question, it is impossible to answer this exactly as asked, as much of the plant equipment loses its identity once it is declared surplus to War Assets Corporation.

As to the real estate declared surplus, the information on the sale of these plants is, of course, available, and has already been given in Committee.

Yours very truly,

GEORGE J. McILRAITH,

*Parliamentary Assistant to the Minister.*

GJM:MM

Enc.

#### CANADA

#### DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Right Honourable C. D. HOWE, *Minister*

V. W. SCULLY, *Deputy Minister*

#### GOVERNMENT-FINANCED EXPANSION OF INDUSTRIAL CAPACITY IN CANADA AS AT DECEMBER 31, 1945

July 25, 1946

Economic Research Branch,  
Department of Reconstruction  
and Supply.

#### PREFACE

As at December 31, 1945, the Department of Reconstruction and Supply and its predecessors had made investments in war production facilities and other fixed assets, valued at approximately \$790,000,000. This amount represents the original value of the investment, and therefore includes the value of assets that have been, or remain to be, sold by War Assets Corporation. However, in making comparisons with previous statements it should be noted that adjustments have been made to cover transfers from capital to production account. Such transfers include the cost of jigs and other special equipment constructed for the purpose of executing specific contracts.

All disbursements shown in this report were made for the account of the Canadian Government, with the exception of certain miscellaneous investments aggregating about \$7,000,000 in value. These miscellaneous investments were made by the United Kingdom Government and were not transferred to the Canadian Government on March 31, 1943, when ownership and control of United Kingdom investments in war plants in Canada were transferred to the Canadian Government.

The expenditures of \$790,000,000 may be summarized as follows:—

1. An investment aggregating about \$527,000,000 was made in land, buildings and other construction, and equipment, in connection with the erection of new war production plants and extensions to pre-war plants

wholly owned by the Crown. Approximately 93 per cent of this amount represents investments in 98 new war production plants erected after September, 1939.

2. In order to assist in the conversion of privately-owned manufacturing plants to war production, the Crown invested about \$165,000,000 in new buildings, building alterations and extensions, and equipment. The number of plants in this category exceeded 300 and all were in commercial production at the outbreak of war.
3. The balance of the investment totalling about \$98,000,000 represents the Department's investments in physical assets contributing indirectly to war production. This amount includes an expenditure of more than \$84,000,000 to provide housing for war workers and personnel of the Armed Services returned from overseas.
4. The following indicates approximately the distribution of the total investment of \$790,000,000 by land, buildings, etc.

<i>Nature of Investment</i>	<i>Percentage</i>
Land .....	.8
Buildings and other construction .....	37.7
Machinery and equipment .....	58.4
Administration, overhead, and miscellaneous costs ....	3.1
Total .....	100.0

During the war the ownership and control of the assets created as a result of the Department's plant expansion program were vested in the Crown under the terms of agreements between the Crown and the various contractors.

Since VJ-Day, expenditures in connection with this program have been very small. Any outlays since the termination of hostilities have been made largely for maintenance purposes.

It is to be noted that all amounts shown in this statement are subject to further audit and adjustment, and that the values represent the expenditure as at December 31, 1945.

It will be noted that no expenditure appears opposite the names of certain contractors in the detailed tables. In most of these cases the requirements for capital equipment were filled by means of transfers of such equipment between plants and not through new investment. In a few instances commitments for capital expenditure were made, but there were no cash advances recorded against such commitments.

This report was prepared in the Economic Research Branch of the Department of Reconstruction and Supply and is a continuation of a series begun in the Economics and Statistics Branch of the Department of Munitions and Supply. The statement was prepared from information supplied by the Comptroller's Branch and the Chief Treasury Officer of the Department, and the United Kingdom Payments Office, and the co-operation of these organizations is gratefully acknowledged.

STEWART BATES,

*Deputy Director-General  
Economic Research Branch*

*Department of Reconstruction and Supply.*

Ottawa, Canada,  
July 25, 1946.



## SPECIAL COMMITTEE

DEPARTMENT OF RECONSTRUCTION AND SUPPLY  
INVESTMENTS IN FIXED ASSETS—SUMMARY TABLE I

Grand Total		
Industrial Classification		Expenditure
<b>I.—War Production Facilities</b>		
<b>MUNITIONS</b>		
Chemicals, Explosives and Filling .....		\$150,775,909
Raw Material and Other Basic .....		111,859,438
Army and Navy Guns .....		83,137,241
Machine Guns and Small Arms .....		48,303,667
Small Arms Ammunition .....		79,172,421
Heavy Ammunition .....		40,825,122
Mechanical Transport .....		12,426,233
Tanks and Armoured Vehicles .....		22,448,540
Signals, Communications, Instruments .....		14,275,221
Machine Tools and Gauges .....		5,419,546
Miscellaneous .....		1,990,481
Total—Munitions .....		570,633,819
<b>AIRCRAFT</b>		
Manufacture .....		65,021,597
Overhaul and Repair .....		16,233,584
Miscellaneous .....		2,054,117
Total—Aircraft .....		83,309,298
<b>SHIPPING</b>		
Naval .....		11,937,963
Cargo .....		10,090,759
Miscellaneous .....		11,403,502
Repairs .....		4,287,268
Total—Shipping .....		37,719,492
Total—War Production Facilities .....		691,662,609
<b>II.—Other Investments in Fixed Assets</b>		
Citadel Merchandising Co. Ltd. ....		4,311,547
Defence Communications Ltd. ....		2,395,404
Wartime Housing Ltd. ....		84,441,741
Miscellaneous .....		7,554,730
Total—Other Investments .....		98,703,422
Grand Total .....		790,366,031

DEPARTMENT OF RECONSTRUCTION AND SUPPLY  
INVESTMENTS IN FIXED ASSETS—SUMMARY TABLE II.

## Crown Plants—Government Operated

Industrial Classification		Expenditure
<b>I.—War Production Facilities</b>		
<b>MUNITIONS</b>		
Chemicals, Explosives and Filling .....	\$	1,890,609
Raw Material and Other Basic .....		65,495
Army and Navy Guns .....		
Machine Guns and Small Arms .....		
Small Arms Ammunition .....		40,296,390
Heavy Ammunition .....		170,479
Mechanical Transport .....		
Tanks and Armoured Vehicles .....		
Signals, Communications, Instruments .....		121,503
Machine Tools and Gauges .....		228,354
Miscellaneous .....		
Total—Munitions .....		42,772,830

TABLE II—*Concluded*

Industrial Classification		Expenditure
<b>AIRCRAFT</b>		
Manufacture .....	\$	623,984
Overhaul and Repair .....		1,098,273
Miscellaneous .....		2,011,416
Total—Aircraft .....		3,733,673
<b>SHIPPING</b>		
Naval .....		771,407
Cargo .....		297,564
Miscellaneous .....		
Repairs .....		2,038,103
Total—Shipping .....		3,107,074
Total—War Production Facilities .....		49,613,577
<b>II.—Other Investments in Fixed Assets</b>		
Miscellaneous .....		7,554,730
Total—Other Investments .....		7,554,730
Grand Total .....	\$	57,168,307

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

## INVESTMENTS IN FIXED ASSETS—SUMMARY TABLE III

## Crown Companies—Government Operated

Industrial Classification		Expenditure
<b>I.—War Production Facilities</b>		
<b>MUNITIONS—</b>		
Chemicals, Explosives and Filling .....	\$	55,264,505
Raw Material and Other Basic .....		4,032,288
Army and Navy Guns .....		6,039,962
Machine Guns and Small Arms .....		
Small Arms Ammunition .....		
Heavy Ammunition .....		
Mechanical Transport .....		
Tanks and Armoured Vehicles .....		
Signals, Communications, Instruments .....		8,644,645
Machine Tools and Gauges .....		939,243
Miscellaneous .....		
Total—Munitions .....		74,920,643
<b>AIRCRAFT—</b>		
Manufacture .....		9,376,767
Overhaul and Repair .....		
Miscellaneous .....		
Total—Aircraft .....		9,376,767
<b>SHIPPING—</b>		
Naval .....		3,053,561
Cargo .....		
Miscellaneous .....		
Repairs .....		
Total—Shipping .....		3,053,561
Total—War Production Facilities .....		87,350,971
<b>II.—Other Investment in Fixed Assets—</b>		
Citadel Merchandising Co. Ltd. ....		4,311,547
Defence Communications Ltd. ....		2,395,404
Wartime Housing Ltd. ....		84,441,741
Total—Other Investments .....		91,148,692
Grand Total .....		178,499,663

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

## INVESTMENTS IN FIXED ASSETS—SUMMARY TABLE IV

## Crown Plants—Privately Managed

Industrial Classification	Expenditure
<b>I.—War Production Facilities</b>	
<b>MUNITIONS—</b>	
Chemicals, Explosives and Filling .....	\$ 148,638,850
Raw Material and Other Basic .....	20,257,270
Army and Navy Guns .....	62,214,710
Machine Guns and Small Arms .....	35,746,531
Small Arms Ammunition .....	28,291,476
Heavy Ammunition .....	3,294,652
Mechanical Transport .....	
Tanks and Armoured Vehicles .....	12,049,812
Signals, Communications, Instruments .....	1,312,267
Machine Tools and Gauges .....	
Miscellaneous .....	302,664
Total—Munitions .....	322,108,232
<b>AIRCRAFT—</b>	
Manufacture .....	40,117,380
Overhaul and Repair .....	14,535,099
Miscellaneous .....	12,616
Total—Aircraft .....	54,665,095
<b>SHIPPING—</b>	
Naval .....	5,014,635
Cargo .....	7,529,288
Miscellaneous .....	460,338
Repairs .....	154,654
Total—Shipping .....	13,158,915
<b>II.—Other Investments—Nil</b>	
Grand Total .....	389,932,242

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

## INVESTMENTS IN FIXED ASSETS—SUMMARY TABLE V

## Privately Owned and Operated Plants

Industrial Classification	Expenditure
<b>I.—War Production Facilities</b>	
<b>MUNITIONS</b>	
Chemicals, Explosives and filling.....	\$ 246,450
Raw Material and Other Basic.....	36,272,168
Army and Navy Guns.....	16,890,243
Machine Guns and Small Arms.....	6,517,174
Small Arms Ammunition.....	584,555
Heavy Ammunition .....	37,359,991
Mechanical Transport.....	12,426,233
Tanks and Armoured Vehicles.....	10,398,728
Signals, Communications, Instruments.....	4,196,806
Machine Tools and Gauges.....	4,251,949
Miscellaneous .....	1,687,817
Total—Munitions .....	\$ 130,832,114
<b>AIRCRAFT</b>	
Manufacture .....	\$ 14,903,466
Overhaul and Repair.....	600,212
Miscellaneous .....	30,085
Total—Aircraft .....	\$ 15,533,763



TABLE V—*Concluded*

Industrial Classification	Expenditure
<b>SHIPPING</b>	
Naval .....	\$ 3,098,360
Cargo .....	2,263,907
Miscellaneous .....	10,943,164
Repairs .....	2,094,511
Total—Shipping .....	\$ 18,399,942
<b>II.—Other Investments—Nil</b>	
Grand Total .....	\$ 164,765,819

## PART I

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

INVESTMENTS IN WAR PRODUCTION FACILITIES AS AT DECEMBER 31, 1945

*Section "A"*Table 1A-1  
Chemicals, Explosives  
and Filling  
Expenditure

Name of Contractor	
<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
Department of National Defence .....	\$ 558,059
	615,872
	716,678
Total .....	\$ 1,890,609
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
Nil	
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>	
Alberta Nitrogen Products .....	\$ 9,416,084
Canada Cement Co. Ltd. ....	208,776
Consolidated Mining and Smelting Co. Ltd. ....	7,278,492
Defence Industries Ltd. ....	310,273
	13,656,615
	19,511,927
	14,525,029
	11,384,420
	12,260,056
	986,526
	478,910
	144,505
	620,768
	593,234
	2,404,546
	920,579
	10,356,011
Dominion Rubber Co. Ltd. (Naugatuck Div.) .....	172,478
Electric Reduction Co. of Canada Ltd. ....	894,738
General Engineering Co. of Canada Ltd. ....	7,157,533
MacDonald Chemicals Ltd. ....	481,591
Miner Rubber Co. Ltd. ....	387,274
Nichols Chemical Co. Ltd. ....	1,363,271
St. Maurice Chemicals Ltd. ....	2,906,282
Shawinigan Chemicals Ltd. ....	4,512,813
Shell Oil Co. of Canada Ltd. ....	3,482,480
Stormont Chemicals Ltd. ....	3,110,781
Welland Chemical Works Ltd. ....	19,112,858
Total .....	\$ 148,638,850
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Accessories Manufacturers Ltd. ....	\$ 4,531
British American Oil Co. Ltd. ....	121,563
B.C. Welding Sales & Equipment Co. Ltd. ....	8,500
Imperial Oil Ltd. ....	7,802
Jamieson Lime Co. Ltd. ....	4,557
McColl Frontenac Oil Co. Ltd. ....	99,497
Total .....	\$ 246,450
Total—Chemicals, Explosives and Filling .....	\$ 150,775,909

## Section "A"—Continued

Table 1A-2  
Raw Material and  
Other Basic  
Expenditure

Name of Contractor		
<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>		
Dept. of Mines and Resources.....	\$	50,684
National Research Council.....		14,811
Total .....	\$	65,495
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>		
Polymer Corporation Ltd. ....	\$	50,859,677
Wartime Metals Corporation—		
Granby Consolidated Mining, Smelting and Power Co. Ltd. ....		27,582
Kamkotia Porcupine Mines Ltd. ....		614,955
Kootenay-Florence Mining Co. Ltd. ....		184,062
Lake Geneva Mining Co. Ltd. ....		73,260
Siscoe Gold Mines Ltd. ....		99,284
Twin "J" Mines Ltd. ....		270,834
Chomeraime Mines Ltd. ....		1,145,472
High Lake Molybdenite Co. Ltd. ....		9,692
Iron Mountain Mines Ltd. ....		1,310,986
Molybdenite Corp. of Canada Ltd. ....		431,750
Zenith Molybdenite Corp. Ltd. ....		81,617
Kootenay National Park Project.....		.....
Eldorado Mining and Refining Co. Ltd. ....		.....
Craigmont Corundum Project.....		155,334
Total .....	\$	55,264,505
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>		
Canada Strip Mill Ltd. ....	\$	6,544,105
Canada Strip Mill Ltd. ....		3,081,649
Dominion Magnesium Ltd. ....		3,419,883
Hamilton-By-Products Coke Ovens Ltd. ....		4,244,131
St.-Maurice Power Corporation.....		1,111,500
Shawinigan Water and Power Corp. ....		970,000
Steel Co. of Canada Ltd. ....		886,002
Total .....	\$	20,257,270
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>		
Algoma Steel Corporation Ltd. ....	\$	22,510,225
Aluminum Co. Ltd. ....		6,815,577
Atlas Steel Ltd. ....		54,278
Canadian Furnace Ltd. ....		350,000
Dominion Foundries and Steel Ltd. ....		1,200,000
Dominion Steel and Coal Corporation Ltd. ....		2,995,248
Electro-Metallurgical Co. of Canada Ltd. ....		1,965,827
Federal Foundries and Steel Ltd. ....		.....
Manitoba Rolling Mills Ltd. ....		9,455
Ontario Forgings Ltd. ....		25,992
Orillia Water, Light and Power Commission.....		26,202
St. Lawrence Alloys and Metals Ltd. ....		263,687
Vilas Enamel Products Ltd. ....		55,677
Total .....	\$	36,272,168
Total—Raw Material and Other Basic.....	\$	111,859,438

## Section "A"—Continued

Table 1A-3  
Army and Navy Guns  
Expenditure

Name of Contractor	
A. CROWN PLANTS—GOVERNMENT OPERATED	
NIL	
B. CROWN COMPANIES—GOVERNMENT OPERATED	
National Railway Munitions Ltd. ....	\$ 4,032,288
Total .....	\$ 4,032,288
C. CROWN PLANTS—PRIVATELY MANAGED	
Dominion Bridge Co. Ltd. ....	3,599,282
Dominion Engineering Works Ltd. ....	9,247,431
Genelco Ltd. ....	13,285,235
Genelco Ltd. (Sub-contractors)—	
Canadian Car and Foundry Co. Ltd. ....	59,230
Hamilton Gear and Machine Co. Ltd. ....	30,200
McKinnon Industries Ltd. ....	581,540
Outboard Marine & Mfg. Co. Ltd. ....	4,465
Thompson Products Ltd. ....	2,511
Waterous Ltd. ....	225,891
Hamilton Munitions Ltd. ....	9,012,167
Otis-Fensom Elevator Co. Ltd. ....	14,773,962
Sorel Industries Ltd. ....	10,754,390
Trenton Steel Works Ltd. ....	638,406
Total .....	\$ 62,214,710
D. PRIVATELY OWNED AND OPERATED PLANTS	
Atlas Steel Ltd. ....	\$ 2,272,593
Barnes, Wallace Co. Ltd. ....	188,540
Canada Electric Castings Ltd. ....	110,742
Canadian Car & Foundry Co. Ltd. ....	406,738
Canadian Locomotive Co. Ltd. ....	509,029
Canadian Pacific Railway Co. Ltd. ....	2,953,842
Dominion Bridge Co. Ltd. ....	206,321
Dominion Engineering Works Ltd. ....	1,523,611
Dominion Foundries & Steel Ltd. ....	253,144
Eastern Car Co. Ltd. ....	2,044,094
Engineering Products of Canada Ltd. ....	180,968
Frost and Wood Co. Ltd. ....	303,604
General Motors of Canada Ltd. ....	939,969
Leonard, E., and Sons Ltd. ....	488
Massey-Harris Co. Ltd. ....	682,245
Otis-Fensom Elevator Co. Ltd. ....	819,576
Regina Industries Ltd. ....	2,807,797
Richardson Road Machinery Co. Ltd. ....	44,855
Sawyer-Massey Co. Ltd. ....	642,087
Total .....	\$ 16,890,243
Total—Army and Navy Guns.....	\$ 83,137,241

Table 1A-4  
Machine Guns and Small Arms

Name of Contractor	
A. CROWN PLANTS—GOVERNMENT OPERATED	
NIL	
B. CROWN COMPANIES—GOVERNMENT OPERATED	
Small Arms Ltd. ....	\$ 6,039,962
Total .....	6,039,962
C. CROWN COMPANIES—PRIVATELY MANAGED	
Border Cities Industries Ltd. ....	6,063,906
Dominion Engineering Works Ltd. ....	—
Inglis, John Co. Ltd.; Inglis, John Co. Ltd. (Sub-contractor)	—
Wm. Kennedy and Sons Ltd. ....	26,997,311
Ottawa Car and Aircraft Co. Ltd. ....	2,685,314
Total .....	35,746,531



## SPECIAL COMMITTEE

## Section "A"—Continued

Table 1A-4  
Machine Guns and Small  
Arms

Nature of Contractor	Expenditure
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
American Can Co. ....	—
Atlas Steels Ltd. ....	\$ 4,694,509
Barnes, Wallace Co. Ltd. ....	25,618
Bata Shoe Co. of Canada Ltd. ....	159,599
Canadian Elevator Equipment Ltd. ....	255,326
Dunlop Tire and Rubber Goods Co. Ltd. ....	102,655
General Motors of Canada Ltd. ....	617,915
General Motors of Canada Ltd. (Sub-contractors)	
Canadian Ingersoll Rand Co. Ltd. ....	—
Hall Machinery Co. Ltd. ....	53,313
Hayes Steel Products Ltd. ....	299,271
Kelvinator Co. of Canada Ltd. ....	95,532
Parmenter and Bullock Co. Ltd. ....	43,487
Rogers Majestic (1941) Ltd. ....	45,303
Skinner Co. Ltd. ....	65,248
Stanley Steel Co. Ltd. ....	25,736
United Shoe Machinery Co. of Canada Ltd. ....	9,082
Vilas Enamel Products Ltd. ....	24,580
Total .....	6,517,174
Total—Machine Guns and Small Arms .....	48,303,667

Table 1A-5  
Small Arms Ammunition

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
Dominion Arsenal .....	\$ 2,786,008
Dominion Arsenal .....	37,510,382
Total .....	40,296,390
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
NIL	
<b>C. CROWN COMPANIES—PRIVATELY MANAGED</b>	
Defence Industries Ltd. ....	10,080,850
Defence Industries Ltd. ....	17,557,873
Defence Industries Ltd. ....	1,930,976
Dominion Rubber Munitions Ltd. ....	612,692
Industrial Associates of Canada Ltd. ....	296,928
Meighen, W. H. Ltd. ....	68,054
York Arsenals Ltd. ....	7,744,103
Total .....	38,291,476
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Atlas Steel Ltd. ....	553,310
Canada Metal Co. Ltd. ....	4,971
Superior Steel Corporation Ltd. ....	26,274
Total .....	584,555
Total—Small Arms Ammunition .....	79,172,421

Table 1A-6  
Heavy Ammunition

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
Department of Transport .....	\$ 2,310
Department of Transport (Aids to Navigation Division) .....	168,169
Total .....	170,479
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
NIL	
<b>C. CROWN COMPANIES—PRIVATELY MANAGED</b>	
Dominion Magnesium Ltd. ....	39,915
Electric Steels Ltd. ....	1,588,631
Genelco Ltd. ....	65,046
Inglis, John, Co. Ltd. ....	—
Ontario Forgings Ltd. ....	1,601,060
Total .....	3,294,652

## Section "A"—Continued

Heavy Ammunition—*Con.*  
Expenditure

## D. PRIVATELY OWNED AND OPERATED PLANTS

Alberta Foundry and Machine Co. Ltd. ....	\$ 166,177
Algoma Steel Corporation Ltd. ....	20,684
Aluminum Goods Ltd. ....	555,926
Atlas Steel Ltd. (Sub-contractor) United Steel Corporation...	242,881
Babcock-Wilcox & Goldie-McCulloch Ltd. ....	253,034
Banfield, W. H., & Sons Ltd. ....	196,679
Bata Shoe Co. of Canada Ltd. ....	177,123
Beatty Bros. Ltd. ....	86,465
Beatty Bros. Ltd. (Cdn. Die Casters Div.) ....	2,399
Belanger, A. Ltd. ....	49,899
Bell, Robert, Engine & Thresher Co. Ltd. ....	55,153
Bendix-Eclipse of Canada Ltd. ....	309,256
Benedict Proctor Mfg. Co. Ltd. ....	
Canada Iron Foundries Ltd. ....	214,822
Canadian Acme Screw and Gear Ltd. ....	1,247,825
Canadian Car and Foundry Co. Ltd. ....	2,838,623
Canadian Car and Foundry Co. Ltd. ....	26,127
Canadian International Paper Co. ....	1,263
Canadian Locomotive Co. Ltd. ....	1,063,984
Canadian Motor Lamp Co. Ltd. ....	1,894,316
Canadian Tube and Steel Products Ltd. ....	357,512
Canadian Westinghouse Co. Ltd. ....	328,739
Chrysler Corporation of Canada Ltd. ....	448,345
Cockshutt Plow Co. Ltd. ....	293,709
Continental Can Co. of Canada Ltd. ....	19,703
Crane Ltd. ....	268,208
Creighton & Smith Motors Ltd. ....	52,061
Dominion Bridge Co. Ltd., Dominion Bridge Co. Ltd. ....	3,942,940
Dominion Bridge Co. Ltd. ....	85,847
Dominion Electrohome Industries Ltd. ....	33,132
Dominion Engineering Works Ltd. ....	76,512
Dominion Forge and Stamping Co. Ltd. ....	80,778
Drolet, F. X., Ltd. ....	6,648
Dunlop Tire and Rubber Goods Co. Ltd. ....	8,175
Engineering Products of Canada Ltd. ....	24,668
Flexible Shaft Co. Ltd. ....	33,387
Ford Motor Co. of Canada ....	
Galt Metal Industries Ltd. ....	15,584
General Steel Wares Ltd. ....	14,516
General Steel Wares Ltd. ....	14,329
General Steel Wares Ltd. ....	1,916
Holman Machines Ltd. ....	266,123
Hoover Co. Ltd. ....	159,659
Industrial Steel and Fibre Products Ltd. ....	1,046
Ingersoll Machine and Tool Co. Ltd. ....	288,341
International Silver Co. of Canada Ltd. (Sub-contractor) United- Carr Fastener Co. Ltd. ....	23,710
Ketchum Mfg. Co. Ltd. ....	2,166
Lawson Machine Works Ltd. ....	30,507
Lawson, Thomas & Sons Ltd. ....	1,391
Manitoba Bridge & Iron Works Ltd. ....	296,160
Maritime Steel & Foundries Ltd. ....	260,515
Massey-Harris Co. Ltd. ....	1,125,098
Massey-Harris Co. Ltd. ....	176,522
McDonnell Metal Mfg. Co. Ltd. ....	25,337
McKinnon Industries Ltd. ....	983,340
McLeod, Lynn, Engineering Supplies Ltd. ....	35,498
McLennan Foundry and Machine Works ....	211,269
Mitchell, Robert, Co. Ltd. ....	1,185,064
Moffatt's Ltd. ....	165,985
Montreal Construction Supply and Equipment Co. Ltd. ....	546,848
Montreal Locomotive Works Ltd. ....	1,467,573
Morrow Screw and Nut Co. Ltd. ....	36,483
Mueller Limited ....	222,256
National Cash Register Co. Ltd. ....	255,711
National Steel Car Corp. Ltd. ....	2,181,845
Neon Products of Western Canada Ltd. ....	11,224
Northern Electric Co. Ltd. ....	695,742
Northern Engineering & Supply Co. Ltd. ....	593,072
Orillia Sheet Metal Mfg. Association (Sub-contractor) United- Carr Fastener Co. Ltd. ....	16,448
Page Hersey Tubes Ltd. ....	87,089
Parker Fountain Pen Co. Ltd. ....	25,600
Pedlar People Ltd. ....	477,904
Pressure Castings of Canada Ltd. ....	80,470

## SPECIAL COMMITTEE

## Section "A"—Continued

## D. PRIVATELY OWNED AND OPERATED PLANTS—(Continued)

Name of Contractor	Heavy Ammunition— <i>Conc.</i> Expenditure
Regina Industries Ltd. ....	
Robb Engineering Works Ltd. ....	\$ 227,769
St. Catharines Steel Products Ltd. ....	2,917,930
St. Catharines Steel Products Ltd. (Sub-contractor) Sunshine Waterloo Co. Ltd. ....	—
Schultz Die Casting Co. Ltd. ....	83,757
Service Station Equipment Co. Ltd. ....	80,068
Sherbrooke Pneumatic Tool Co. Ltd. ....	546,665
Simms, T. S. and Co. Ltd. ....	106,443
Singer Mfg. Co. Ltd. ....	526,442
Slater, N. Co. Ltd. ....	57,479
Somerville Ltd. ....	5,070
Sorel Industries Ltd. ....	170,638
Sunshine Waterloo Co. Ltd. ....	52,187
Thompson Products Ltd. ....	2,037,364
Trenton Steel Works Ltd. ....	735,957
Truscon Steel Co. of Canada Ltd. ....	91,515
United Steel Corp. Ltd. ....	1,116,231
Vulcan Iron Works Ltd. ....	159,545
Wallaceburg Brass Co. Ltd. ....	103,028
Waterous Limited ....	185,649
Weatherhead Co. of Canada Ltd. ....	45,125
Western Clock Co. Ltd. ....	27,743
Western Steel Products Ltd. ....	7,413
Young, L. A., Industries of Canada ....	732
Total .....	37,359,991
Total—Heavy Ammunition .....	40,825,122

Table 1A-7

Mechanical Transport

## A. CROWN PLANTS—GOVERNMENT OPERATED

NIL

## B. CROWN COMPANIES—GOVERNMENT OPERATED

NIL

## C. CROWN PLANTS—PRIVATELY MANAGED

NIL

## D. PRIVATELY OWNED AND OPERATED PLANTS—

Alcor Mfg. Co. Ltd. ....	\$ 10,806
Bendix-Eclipse of Canada Ltd. ....	2,105
Chrysler Corp. of Canada Ltd. ....	105,853
Chrysler Corp. of Canada Ltd. (Sub-contractor) Galt Metal Industries Ltd. ....	30,075
Courtaulds (Canada) Ltd. ....	766,452
Dominion Rubber Co. Ltd. ....	512,777
Dominion Truck Equipment ....	.....
Dunlop Tire and Rubber Goods Co. Ltd. ....	188,094
Eaton-Wilcox-Rich Ltd. ....	40,627
Farand & Delorme (Division of United Steel) ....	.....
Firestone Tire and Rubber Co. of Canada Ltd. ....	272,425
Ford Motor Co. of Canada Ltd. ....	4,264,405
General Motors of Canada Ltd. ....	2,733,372
General Motors of Canada Ltd. ....	16,810
General Motors of Canada Ltd. (Sub-contractor) McKinnon Industries Ltd. ....	72,163
General Motors Products of Canada Ltd. ....	111,253
Goodrich, B. F. Rubber Co. of Canada Ltd. ....	74,798
Goodyear Tire and Rubber Co. of Canada Ltd. ....	1,058,740
Gutta Percha & Rubber Co. Ltd. ....	69,958
Hayes Steel Products ....	523,125
L'Auto Neige Bombardier ....	4,188
McKinnon Industries Ltd. ....	1,129,956
Patterson Motors Ltd. ....	20,390
Seiberling Rubber Co. of Canada Ltd. ....	157,535
Stokes, Joseph Rubber Co. Ltd. ....	35,268
Thompson Products Ltd. ....	37,512
Wilkening Mfg. Co. of Canada Ltd. ....	127,569
Sundry Tool Costs ....	59,887
Total .....	12,426,233
Total—Mechanical Transport .....	12,426,233



## Section "A"—Continued

Table 1A-8  
Tanks and Armoured Vehicles  
Expenditure

Name of Contractor		
A. CROWN PLANTS—GOVERNMENT OPERATED—		
NIL		
B. CROWN COMPANIES—GOVERNMENT OPERATED—		
NIL		
C. CROWN PLANTS—PRIVATELY MANAGED—		
Electric Steel Limited.....	\$	1,816,549
Montreal Locomotive Works Ltd. ....		8,449,550
Montreal Locomotive Works Ltd. (Sub-contractors)		
Dominion Rubber Co. Ltd. ....		499,431
Dominion Rubber Co. Ltd. ....		35,813
Firestone Tire and Rubber Co. of Can. Ltd. ....		57,749
General Motors of Canada Ltd. ....		449,612
Goodyear Tire and Rubber Co. of Can. Ltd. ....		46,329
Hull Iron & Steel Foundries Ltd. ....		37,236
Massey-Harris Co. Ltd. ....		623,676
Mid-Town Motor Sales Ltd. ....		23,091
Mitchell, Robert Co. Ltd. ....		10,776
Total .....		12,049,812
D. PRIVATELY OWNED AND OPERATED PLANTS—		
Beach Foundry Ltd. ....		32,423
Canadian Pacific Railway Co. Ltd. ....		2,215,877
Canadian Pacific Railway Co. Ltd. (Sub-contractors)		
Canadian Locomotive Co. Ltd. ....		166,548
Farand & Delorme Division of United Steel Corporation Ltd.		397,515
Hamilton Gear & Machine Co. Ltd. ....		616,777
International Harvester Co. of Canada Ltd. ....		24,823
Montreal Locomotive Works Ltd. ....		211,422
Turnbull Elevator Co. Ltd. ....		349,532
Waterous Ltd. ....		231,826
Ford Motor Co. of Canada Ltd. ....		1,902,565
Ford Motor Co. of Canada Ltd. (Sub-contractors)		
Canadian Acme Screw & Gear Ltd. ....		184,511
Canadian Bridge Co. Ltd. ....		517,712
International Harvester Co. of Can. Ltd. ....		634,087
Kelsey Wheel Co. Ltd. ....		170,340
McKinnon Industries Ltd. ....		16,104
Shurly-Dierich-Atkins Ltd. ....		174,689
Hamilton Bridge Co. Ltd. ....		1,000,170
International Harvester Co. of Can. Ltd. ....		607,628
Manitoba Steel Foundries Ltd. ....		38,939
Shurly-Dierich-Atkins Ltd. ....		851,321
Vulcan Iron Works Ltd. ....		15,000
Waterloo Mfg. Co. Ltd. ....		38,919
Total .....		10,398,728
Total—Tanks and Armoured Vehicles .....		22,448,540

Table 1A-9  
Signals, Communication and Instruments

A. CROWN PLANTS—GOVERNMENT OPERATED—		
Canadian National Railways.....	\$	68,462
Department of Transport (Meteorological Service).....		53,041
Total .....		121,503
B. CROWN COMPANIES—GOVERNMENT OPERATED		
Aerometers Ltd. ....		121,408
Research Enterprises Ltd.		
Research Enterprises Ltd. (Sub-contractors)		
Canadian Westinghouse Ltd., Duplate Canada Ltd.,		
Northern Electric Co., Ltd. ....		8,523,237
Total .....		8,644,645

## SPECIAL COMMITTEE

## Section "A"—Continued

Table 1A-9 (Con.)  
Signals, Communication  
and instruments (Con.)

Name of Contractor	Expenditure
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>	
Ferranti Electrical Ltd. ....	\$ 561,074
Reliance Gear Works Ltd. ....	65,976
Vivian Diesels and Munitions Ltd. ....	685,217
Total .....	1,312,267
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Aerovox of Canada Ltd. ....	2,099
Bowser, S. F. Co. Ltd. ....	322,982
Boyles Bros. Drilling Co. Ltd. ....	106,198
Canadian Kodak Co. Ltd. ....	71,836
Canadian Marconi Co. Ltd. ....	100,088
Canadian Marconi Co. Ltd. (Sub-contractor)	
Royal Typewriter Co. Ltd. ....	4,543
Canadian Pacific Railway Co. Ltd. ....	12,773
Canadian Steatite Co. Ltd. ....	121,872
Canadian Summer Iron Works Ltd. ....	41,619
Canadian Westinghouse Co. Ltd. ....	37,460
Chrysler Corporation of Canada Ltd. ....	339,817
Dominion Electric Protection Co. Ltd. ....	88,385
Dominion Engineering Works Ltd. ....	7,020
Dominion Electrohome Industries Ltd. ....	—
Hale Bros. Ltd. ....	3,217
Hayes Manufacturing Co. Ltd. ....	20,778
Instruments Ltd. ....	75,093
McDonald Metal Mfg. Co. Ltd. ....	28,181
McKinnon Industries Ltd. ....	201,082
Neptune Meters, Ltd. ....	62,955
Northern Electric Co. Ltd. ....	1,258,808
Northern Tool and Gauge Ltd. ....	92,516
Outboard Marine & Mfg. Co. Ltd. ....	34,935
Peacock Bros. Ltd. ....	88,695
Pocklington, Thomas Co. Ltd. ....	38,798
Pritchard-Andrews of Ottawa Ltd. ....	6,545
Radio Valve Co. of Canada Ltd. ....	386,824
R.C.A. Victor Co. Ltd. ....	263,061
Rogers Electronic Tubes Ltd. ....	21,224
Sangamo Co. Ltd. ....	48,692
Semco Instruments Ltd. (Sub-contractor)	
Stone, Franklin of Canada Ltd. ....	7,643
Small Electric Motors of Canada Ltd. ....	141,445
Stanley Precision Instruments Ltd. ....	125,622
Viceroy Mfg. Co. Ltd. ....	34,000
Total .....	4,196,806
Total—Signals, Communication and Instruments .....	14,275,221

Table 1A-10  
Machine Tools and  
Gauges

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
National Research Council .....	\$ 186,702
Quebec Gauge Shop (Insp. Bd. of U.K. and Canada) .....	41,652
Total .....	228,354
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
Cutting Tools and Gauges Ltd. ....	266,340
Machinery Service Ltd. ....	672,903
Total .....	939,243
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>	
NIL	

## Section "A"—Continued

Table 1A-10—*Conc.*  
Machine Tools and  
Gauges—*Conc.*

Name of Contractor	Expenditure
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Ajax-Doret Metal Products Ltd. ....	\$ 27,410
A.M. & T. Tool & Gauge Co. Ltd. ....	9,347
Bata Shoe Co. of Canada Ltd. ....	23,962
Bertram, John & Sons Co. Ltd. ....	752,701
Canada Illinois Tools Ltd. ....	173,675
Canadian Elevator Equipment Co. Ltd. ....	19,491
Colonial Tool Co. Ltd. ....	326,887
Corman Engineering Co. Ltd. ....	26,945
Dominion Twist Drill Ltd. ....	168,363
Duplate Tool & Die Ltd. ....	36,685
Excello Tool and Gauge Ltd. (Leeds Steel Prods. Ltd.) ....	100,620
Frost and Wood Co. Ltd. ....	1,207
Hafer Machine Co. Ltd. ....	39,165
Houser Machine Works Ltd. ....	210,058
Machine Works Ltd. ....	12,462
Modern Containers Ltd. ....	43,392
Modern Tool Works Ltd. ....	341,126
Neon Products of Western Canada Ltd. ....	36,275
Northern Electric Co. Ltd. ....	18,123
Northern Machine Works Ltd. ....	40,974
Northern Tool and Gauge Ltd. ....	201,328
Ontario Research Foundation ....	62,474
Ottawa Gauge & Instrument Co. Ltd. ....	175,788
Peerless Engineering Co. Ltd. ....	128,670
Powles Engineering Co. Ltd. ....	6,638
Precision Tool Works Ltd. ....	172,964
Reliance Gear Works Ltd. ....	28,858
Schultz Die Casting Co. Ltd. ....	—
Scott Tool and Machine Co. Ltd. ....	72,642
Service Station Equipment Co. Ltd. ....	81,817
Shaw Tool & Machine Co. Ltd. ....	97,691
Standard Machine & Tool Co. Ltd. ....	404,313
Taylor, J. A. M. Tool Co. Ltd. ....	1,512
Valois and Valois Ltd. ....	75,697
Western Clock Co. Ltd. ....	15,902
Whitehall Machine & Tool Co. Ltd. ....	125,373
Wickman, A. C. Co. of Canada Ltd. ....	128,856
Wright Industries Ltd. ....	62,558
<b>Total</b> .....	<b>4,251,949</b>
<b>Total—Machine Tools and Gauges</b> .....	<b>5,419,546</b>

Table 1A-11  
Miscellaneous, Munitions

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
NIL	
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
NIL	
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>	
Ayerst, McKenna & Harrison Ltd. ....	\$ 263,184
O'Connell, H. J., Co. Ltd. ....	39,480
<b>Total</b> .....	<b>302,664</b>
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Algoma Steel Corporation Ltd. ....	47,700
Biland, H. R. ....	1,993
Canadian Bank Note Co. Ltd. ....	192,716
Civic Fuel Committee ....	—
Connaught Laboratories (University of Toronto) ....	566,651
Craig, W. F. Machines Ltd. ....	10,662
Dept. of Lands (Forest Branch) ....	—
Dominion Engineering Works Ltd. ....	360,536
Dominion Rubber Co. Ltd. ....	53,385
Holden, S. S. Co. Ltd. ....	—
Hoving's Vulcanizers & Foundry Works Ltd. ....	6,114
International Iron & Metal Co. Ltd. ....	88,370
Kovinsky, J. & Sons Ltd. ....	10,325
Meed, John & Sons ....	22,383



## Section "A"—Concluded

Name of Contractor		Miscellaneous, Munitions—Con.
		Expenditure
D. PRIVATELY OWNED AND OPERATED PLANTS		
Modern Containers Ltd. ....	\$	18,000
New Method Laundries Ltd. ....		6,907
Pressure Castings of Canada Ltd. ....		23,371
Smiths Falls Malleable Castings Ltd. ....		30,689
Trenton Steel Works Ltd. ....		109,010
Vancouver Engineering Works Ltd. ....		29,559
Lima Cranes ....		109,446
Total .....		1,687,817
Total—Miscellaneous, Munitions .....		1,990,481

## Section "B"

Name of Contractor		Table 1 B-1 Aircraft Manufacture Expenditure
A. CROWN PLANTS—GOVERNMENT OPERATED		
Canadian Associated Aircraft Ltd. ....	\$	623,984
Total .....		623,984
B. CROWN COMPANIES—GOVERNMENT OPERATED		
Aero Timber Products Ltd. ....		1,369,483
Federal Aircraft Ltd. ....		217,252
Turbo Research Ltd. ....		42,132
Victory Aircraft Ltd. (Sub-contractors— Cresswell-Pomeroy Ltd.; Greey, W. and J. G.; Victory Aircraft Ltd. ....		7,749,900
Total .....		9,376,767
C. CROWN PLANTS—PRIVATELY MANAGED		
Aircraft Hydraulic Supplies Ltd. ....		828,962
Boeing Aircraft of Canada Ltd. ....		5,615,994
Canadian Propellers Ltd. ....		4,305,428
Canadair Ltd. (see note at end of table) ....		6,991,805
Central Aircraft Ltd. ....		—
DeHavilland Aircraft of Canada Ltd. ....		8,091,887
DeHavilland Aircraft of Canada Ltd. (Sub-contractor) Canadian Power Boat Co. Ltd. ....		16,528
Fairchild Aircraft Ltd. ....		4,901,169
Fleet Aircraft Ltd. ....		1,756,264
Geneco Ltd. ....		56,370
Massey-Harris Co. Ltd. ....		2,464,419
Noorduyn Aviation Ltd. ....		4,966,300
Noorduyn Aviation Ltd. (Sub-contractor)— Outboard Marine and Mfg. Co. Ltd. ....		122,254
Total .....		40,117,380
D. PRIVATELY OWNED AND OPERATED PLANTS		
Aircraft Repair Ltd. ....		33,850
Aluminum Goods Ltd. ....		9,240
Arrow-Hart and Hegeman of Canada Ltd. ....		2,000
Bloctube Controls of Canada Ltd. ....		124,553
Boeing Aircraft of Canada Ltd. ....		266,024
Bolton Die Co. Ltd. ....		15,337
Bristol Aircraft Products Ltd. ....		82,500
British Aeroplane Engines Ltd. ....		93,073
Canada Wire and Cable Co. Ltd. ....		80,579
Canadian Acme Screw and Gear Ltd. ....		—
Canadian Associated Aircraft Ltd. ....		354,978
Canadian Car and Foundry Co. Ltd. ....		4,040,874
Canadian Car and Foundry Co. Ltd. ....		357,979
Canadian Car and Foundry Co. Ltd. ....		2,276,868
Canadian General Electric Co. Ltd. ....		33,468
Canadian Vickers Ltd. ....		1,535,651
Chrysler Corp. of Canada Ltd. ....		45,346
Cockshutt Moulded Aircraft Ltd. ....		782,284
Cresswell-Pomeroy Ltd. ....		202,635

## Section "B"—Continued

Table 1B-1—*Conc.*  
Aircraft Manufacture—*Conc.*  
Expenditure

Name of Contractor	
<b>D. PRIVATELY OWNED AND OPERATED PLANTS—<i>Con.</i></b>	
Dominion Electrohome Industries Ltd.....	\$ 19,662
Enamel and Heating Products Ltd.....	24,956
Ford Motor Co. of Canada Ltd.....	299,177
General Motors of Canada Ltd.....	215,956
Hayes Steel Products Ltd.....	867,793
MacDonald Bros. Aircraft Ltd.....	351,744
Massey-Harris Co. Ltd.....	12,529
Massey-Harris Co. Ltd.....	224,594
Noorduyn Aviation Ltd.....	562,265
Ottawa Car and Aircraft Co. Ltd.....	755,680
Reliance Aircraft and Tool Co. Ltd.....	63,637
Singer Manufacturing Co. Ltd.....	661,517
S and S Aircraft Ltd.....	151,875
United Shoe Machinery Co. of Canada Ltd.....	102,981
Viceroy Manufacture Co. Ltd.....	17,071
Weatherhead Co. of Canada Ltd.....	181,654
White Canadian Aircraft Ltd.....	53,136
Total .....	\$ 14,903,466
Total—Aircraft Manufacture.....	\$ 65,021,597

\*Amount shown represents the Dept's expenditures for the construction of a plant originally operated by Canadian Vickers Ltd.

Table 1B-2  
Aircraft Overhaul  
and Repair

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
Trans-Canada Airlines .....	\$ 21,767
Trans-Canada Airlines .....	230,331
Trans-Canada Airlines .....	846,175
Total .....	\$ 1,098,273

**B. CROWN COMPANIES—GOVERNMENT OPERATED**  
Nil**C. CROWN PLANTS—PRIVATELY MANAGED**

Aircraft Repair Ltd.....	\$ 1,918,546
Canadian Airways Ltd.....	157,561
Canadian Airways Ltd. and Standard Aero Engine Works Ltd..	520,219
Canadian Car and Foundry Co. Ltd.....	1,937,970
Canadian Pacific Airlines Ltd.....	757,395
Canadian Pacific Airlines Ltd.....	405,029
Canadian Pratt & Whitney Aircraft Co.....	601,926
Canadian Wright and British Aeroplane Engines Ltd.....	321,267
Central Aircraft Ltd.....	2,525,960
Clark-Ruse Aircraft Ltd.....	1,253,598
Clark-Ruse Aircraft Ltd.....	1,586,409
DeHavilland Aircraft Ltd.....	
MacDonald Bros. Aircraft Ltd.....	1,663,901
McQuay-Norris Mfg. Co. of Canada Ltd.....	194,829
Mid-West Aircraft Ltd.....	204,350
Prairie Airways Ltd.....	486,139
Total .....	\$ 14,535,099

**D. PRIVATELY OWNED AND OPERATED PLANTS**

Allanson Armature Mfg. Co. Ltd.....	\$ 11,879
Aviation Electric Ltd.....	14,636
Canadian Car and Foundry Co. Ltd.....	270,195
Coates Ltd.....	79,047
General Steel Wares Ltd.....	2,211
Jeffree and Jeffree Ltd.....	12,279
Laurentian Air Services Ltd.....	18,307
M and C Aviation Ltd.....	185,239
Weaver Industries Ltd.....	1,469
Wings Construction Ltd.....	4,950
Total .....	\$ 600,212
Total—Aircraft Overhaul and Repair.....	\$ 16,233,584

## Section "B"—Concluded

Name of Contractor		Table 1B-3 Aircraft— Miscellaneous Expenditure
A. CROWN PLANTS—GOVERNMENT OPERATED		
Department of Transport.....	\$	1,023,293
Department of Transport.....		885,623
Department of Transport.....		102,500
Total .....	\$	2,011,416
B. CROWN COMPANIES—GOVERNMENT OPERATED		
Nil		
C. CROWN PLANTS—PRIVATELY MANAGED		
Suburban Rapid Transit Co. Ltd.....	\$	12,616
Total .....	\$	12,616
D. PRIVATELY OWNED AND OPERATED PLANTS		
Easy Washing Machine Co. Ltd.....	\$	9,201
Reed, Geo. W. Co. Ltd.....		11,771
Taylor, J. A. M. Tool Co. Ltd.....		9,113
Total .....	\$	30,085
Total—Aircraft—Miscellaneous .....	\$	2,054,117

## SECTION "C"

Name of Contractor		Table 1C-1 Naval Shipbuilding Expenditure
A. CROWN PLANTS—GOVERNMENT OPERATED		
North and South Berth.....	\$	743,950
Wharf .....		27,457
Total .....	\$	771,407
B. CROWN COMPANIES—GOVERNMENT OPERATED		
Quebec Shipyards Ltd.		
Anglo-Canadian Pulp and Paper Mills Division		
Davie, Geo. T. and Sons Division		
Morton Engineering and Drydock Division.....	\$	3,503,561
Total .....	\$	3,053,561
C. CROWN PLANTS—PRIVATELY MANAGED		
Canadian Comstock Co. Ltd.		
Carter-Halls-Aldinger Ltd.		
Redfern Construction Co. Ltd. ....	\$	3,069,333
Canadian Vickers Ltd. ....		1,945,302
Total .....	\$	5,014,635
D. PRIVATELY OWNED AND OPERATED PLANTS		
Burrard Drydock Co. Ltd. ....	\$	608,642
Central Bridge Co. Ltd. ....		11,267
Clare Shipbuilding Co. Ltd. ....		101,668
Eastern Woodworkers Ltd. ....		29,362
Foundation Maritime Ltd. ....		82,198
Halifax Shipyards Ltd. ....		735,931
Industrial Shipping Co. ....		26,873
Irving, J. D. Co. Ltd. ....		31,468
Kingston Shipbuilding Co. Ltd. ....		31,271
Midland Shipyards Ltd. ....		95,010
Montreal Drydock Co. Ltd. ....		96,716
Port Arthur Shipbuilding Co. Ltd. ....		20,000
Yarrows Ltd. ....		1,227,954
Total .....	\$	3,098,360
Total—Naval Shipbuilding .....	\$	11,937,963



## Section "C"—Continued

Table 1C-2  
Cargo Shipbuilding  
Expenditure

Name of Contractor		
<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>		
Pictou Berth .....	\$	297,564
Total .....	\$	297,564
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>		
NIL		
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>		
Foundation Maritime Ltd. ....	\$	2,343,004
United Shipyards Ltd. ....		5,186,284
Total .....	\$	7,529,288
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>		
Canadian Bridge Co. Ltd. ....	\$	173,684
Collingwood Shipyards Ltd. ....		206,649
Davie Shipbuilding & Repairing Co. Ltd. ....		1,883,574
West Coast Shipbuilders Ltd. ....		.....
Total .....	\$	2,263,907
Total—Cargo Shipbuilding .....	\$	10,090,759

Table 1C-3  
Miscellaneous Shipbuilding

<b>A. CROWN PLANTS—GOVERNMENT OPERATED</b>	
NIL	
<b>B. CROWN COMPANIES—GOVERNMENT OPERATED</b>	
NIL	
<b>C. CROWN PLANTS—PRIVATELY MANAGED</b>	
Morrison, James, Brass Mfg Co. Ltd. ....	\$ 460,338
Total .....	\$ 460,338
<b>D. PRIVATELY OWNED AND OPERATED PLANTS</b>	
Canada Chain and Forge Co. Ltd. ....	\$ 51,798
Canada Foundries and Forgings Ltd. ....	582,640
Canada Iron Foundries Ltd. ....	143,791
Canadian Bridge Co. Ltd. ....	164,462
Canadian Car and Foundry Co. Ltd. ....	4,778
Canadian Car and Foundry Co. Ltd. ....	509,532
Canadian Ingersoll-Rand Co. Ltd. ....	13,964
Canadian Pacific Railway Co. Ltd. ....	277,671
Canadian Sumner Iron Works Ltd. ....	55,754
Crane Ltd. (Sub-contractor)—Joliette Steel Co. Ltd. ....	4,646
Darling Bros. Ltd. ....	174,265
Dominion Bridge Co. Ltd. ....	933,207
Dominion Engineering Works Ltd. ....	90,359
Dominion Steel and Coal Corp. Ltd. (Sub-contractor)—James Pender and Sons Div. ....	7,079
Electro-Weld Metal Products Ltd. ....	139,003
Foster-Wheeler Ltd. ....	203,421
Gosselin, J. A. Ltd. ....	45,724
Grinnell Co. of Canada Ltd. ....	6,616
Guelph Stove Co. Ltd. ....	107,241
Heaps Engineering (1940) Ltd. ....	152,905
Kennedy, Wm., and Sons Ltd. ....	1,542,510
Letson and Burpee Ltd. ....	35,114
Marelco Ltd. ....	41,665
McAvity, T. and Sons Ltd. ....	21,732
Montreal Locomotive Works Ltd. ....	614,334
Mulcott Co. Ltd. ....	5,702
Neon Products of Western Canada Ltd. ....	132,634
Ottawa Car and Aircraft Co. Ltd. ....	22,935
Page Hersey Tubes Ltd. ....	1,244,793

## Section "C"—Concluded

Table 1 C-3—*Con.*  
Miscellaneous Shipbuilding—*Con.*  
Expenditure

Name of Contractor		
D. PRIVATELY OWNED AND OPERATED PLANTS— <i>Con.</i>		
Peacock Bros., Ltd. ....	\$	315,330
Progressive Engineering Works Ltd. ....		16,530
Quebec Harbour Board ....		33,487
Robb Engineering Works Ltd. ....		53,298
Trenton Steel Works Ltd. ....		2,879,656
Vancouver Engineering Works Ltd. ....		153,836
Vancouver Iron Works Ltd. ....		66,124
Waterous Ltd. ....		51,412
Webb and Gifford Ltd. ....		43,216
Total .....		10,943,164
Total—Miscellaneous Shipbuilding .....		11,403,502

Table 1C-4  
Ship Repairs

A. CROWN PLANTS—GOVERNMENT OPERATED		
Repair Berth .....	\$	27,457
Wharf Extension (Acadia Sugar Refinery) .....		33,821
Pile Berth No. 7 .....		78,210
Rhodes Curry Wharf .....		85,067
Pile Berth—400' .....		76,970
Lay-to Wharf .....		299,940
Semi-Tidal Graving Dock .....		1,144,258
Ship Repair Plant .....		256,373
Clamshell Crane .....		36,007
Total .....		2,038,103
B. CROWN COMPANIES—GOVERNMENT OPERATED		
NIL		
C. CROWN PLANTS—PRIVATELY MANAGED		
Sydney Foundry and Machine Works Ltd. ....		154,654
Total .....		154,654
D. PRIVATELY OWNED AND OPERATED PLANTS		
Acadia Sugar Refinery Co. Ltd. ....		14,002
Atlantic Spring and Machine Co. Ltd. ....		30,628
Canadian Vickers Ltd. ....		33,004
Cann. L. H. Ltd. ....		53,935
Collings, Wm., and Sons Ltd. ....		5,082
Halifax Shipyards Ltd. ....		233,546
Hillis and Sons Ltd. ....		35,350
Hogan, T., and Co. ....		4,083
Margaree Steamship Co. Ltd. ....		26,971
Mersey Paper Co. Ltd. ....		50,961
Montreal Drydock Co. Ltd. ....		12,778
Musgrave, R., & Sons Ltd. ....		14,575
Pictou Foundry and Machine Co. Ltd. ....		101,742
Purdy Bros. Ltd. ....		39,097
Pushie's Machine Shop .....		36,530
Saint John Drydock & Shipbuilding Co. Ltd. ....		614,396
Saint John Iron Works Ltd. ....		56,831
Saint John Machine Shop. ....		371,778
Starr Manufacturing Works Ltd. ....		6,117
Stewart, Bruce & Co. Ltd. ....		1,277
Thompson Bros. Machinery Co. Ltd. ....		314,820
Webb-Spark Engineering Ltd. ....		32,881
Williamson, J. Fred, Ltd. ....		4,127
Total .....		2,094,511
Total—Ship Repairs .....		4,287,268

## PART II

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

## OTHER INVESTMENTS IN FIXED ASSETS AS AT DECEMBER 31, 1945

Name of Contractor	Expenditure
A. CROWN PLANTS—GOVERNMENT OPERATED	
Miscellaneous Investments:	
Coal handling equipment, undistributed land, trucks, tank cars, storage buildings, tarpaulins, small water craft, etc. ....	\$ 7,554,730
B. CROWN COMPANIES—GOVERNMENT OPERATED	
Citadel Merchandising Co. Ltd. ....	4,311,547
Defence Communications Ltd. ....	2,395,404
Wartime Housing Ltd. ....	84,441,741
Total .....	91,148,692
Total—Other Investments in Fixed Assets .....	98,703,422

## APPENDIX C

*Answer to question by Mr. R. H. McGregor, M.P.*

## OFFICE OF THE MINISTER OF RECONSTRUCTION AND SUPPLY

OTTAWA, CANADA

AUGUST 14, 1946.

R. ARSENAULT, Esquire,  
Room 433,  
HOUSE OF COMMONS,  
OTTAWA.

Dear Mr. ARSENAULT: *Re—Special Committee on War Expenditures and Economies.*

On July 4th a question was asked by Mr. R. H. McGregor, M.P., as to the cost per plane of aircraft built at Malton.

I attach hereto the question and answer.

Yours very truly,

GEORGE J. McILRAITH,  
*Parliamentary Assistant to the Minister.*

*Question Asked by Mr. R. H. McGregor, M.P. on July 4, 1946*

1. What was the cost per plane—built at Malton—of
  - 197 Lysander Aircraft
  - 422 Lancaster Bomber Aircraft
  - 8 Lancaster Transport Aircraft
  - 1 York Transport Aircraft
  - 736 Avro Anson Aircraft?
2. Cost of any other plane built at Malton?
3. How much was left over in spare parts?



## ANSWER

1.	Average Unit Cost
197 Lysander Aircraft .....	\$ 34,646.11
422 Lancaster Bomber Aircraft .....	303,369.07
8 Lancaster Transport Aircraft .....	311,190.73
1 York Aircraft .....	647,569.44
736 Avro Anson Aircraft .....	16,081.73
(Assemblies, Engine Nacelles and Engine Fuselages only).	

2. 5 Lincoln Aircraft, together with spares were built at an average cost of \$300,000 each. \$682,024.77 was expended on experimental work on a Martin B-26 Bomber—the aircraft was never built. In addition 200 Hurricane Wings were constructed at an average cost of \$8,392.06 each.

3. All aircraft and spares produced at Malton were delivered on completion to the R.A.F., R.C.A.F. or T.C.A.

## APPENDIX H

*Answers to Questions by Mr. R. H. McGregor, M.P.*

## WAR ASSETS CORPORATION

No. 4 TEMPORARY BUILDING

OTTAWA

File: 2-10-3

AUGUST 8, 1946.

Mr. GORDON B. ISNOR,  
Chairman,  
Special Committee on War Expenditures & Economics,  
HOUSE OF COMMONS,  
OTTAWA, Ontario.

Dear Mr. ISNOR:—Attached are the answers to a question addressed to you by Mr. R. H. McGregor, M.P., on July 4, 1946, concerning the Liberty Building at the John Inglis Plant in Toronto.

Copies of Mr. McGregor's letter to you of July 4 are also attached for easy reference.

Yours very truly,

J. S. IRVIN

for J. H. BERRY,  
President.

OTTAWA, Ont., July 4, 1946.

Mr. GORDON B. ISNOR,  
Chairman,  
War Expenditures Committee,  
HOUSE OF COMMONS.

Dear Mr. ISNOR:—Will you please have the following information available for the War Expenditures Committee:—

What was the total cost of the Liberty Building in Toronto, including site, plant, equipment and extensions to it?

What was the floor space?

What does it rent for?

How much insurance was carried?

Who is the agent acting for the War Assets Corporation in connection with the renting of this building, and what are the terms of their contract?

Has any appraisal of this building been made; if so, by whom, and what were the appraised rates?

Yours very truly,

(Signed) R. H. MCGREGOR.

*Answers to Questions asked by Mr. R. H. McGregor on July 4, 1946.*

### 1. Question.

What was the total cost of the Liberty Building in Toronto including site, plant, equipment and extension to it?

#### *Answer.*

The Liberty Building is the part of the wartime John Inglis Plant now leased as a multiple tenancy project by War Assets Corporation. It consists of buildings 23, 23A, 23B and building 26 which is the central heating plant and storage.

Land site based on proportionate part of total cost of land owned by Crown at this project .....	\$ 143,325.00
Buildings—(Plant and Equipment) .....	1,639,508.89
Proportionate share of services .....	51,500.00
Reconversion to multiple tenancy .....	35,951.83
Total Cost .....	<u>\$1,870,285.72</u>

### 2. Question.

What was the floor space?

#### *Answer.*

Land area in square feet .....	277,595
Building floor areas in square feet .....	309,800
Rentable floor areas in square feet .....	290,700

### 3. Question.

What does it rent for?

#### *Answer.*

Leases are on basis of 40¢ per square foot and 45¢ per square foot.

Estimated revenue for 1 year period May 1, 1946 to April 30, 1947 on basis of partial period actually rented, will be, as far as can be estimated.

Annual Rentals .....	\$118,800.00
Steam Sales .....	3,600.00
Water Sales .....	4,000.00
Sundries .....	1,800.00
Total .....	<u>\$128,200.00</u>

4. *Question.*

How much insurance was carried?

*Answer.*

See Appendix 1.

5. *Question.*

Who is the agent acting for the War Assets Corporation in connection with the renting of this building, and what are the terms of their contract?

*Answer.*

(a) W. H. Bosley & Co. Toronto.

(b) See attached Appendix 2.

6. *Question.*

Has any appraisal of this building been made: if so, by whom, and what were the appraised rates?

*Answer.*

No appraisal has been made by or for War Assets Corporation or for any other Government department as far as is known.

## LIBERTY BUILDINGS, TORONTO

## APPENDIX 1

*Fire Insurance*—Norwich Union Fire Insur. Society Ltd.

On the main buildings the fire insurance coverage is \$1,350,000 at a premium rate of \$1.00 per hundred for 3 years. Policy No. 16623366 ..... \$13,500.00

On the power house the fire insurance coverage is \$155,000 at a premium rate of 37½ cents per hundred for three years. Policy No. 10623494 ..... \$581.25

N.B.—The Minister of Reconstruction and Supply has since issued instructions that no fire insurance is to be carried on our multiple tenancy projects and the above insurance has accordingly been cancelled.

## LIABILITY INSURANCE.

Canada Security Assurance Co.—Owners' Landlords' & Tenants General Liability Policy.

Coverage of 100/300,000. costs \$1,964.65 for 3 years.

N.B.—This has now been reduced to \$1,448.55 for three years.



## APPENDIX 2

*Copy*

TORONTO, 4th October, 1945.

## PROPERTY MANAGEMENT CONTRACT

BETWEEN

HIS MAJESTY THE KING IN RIGHT OF CANADA REPRESENTED BY  
THE MINISTER OF RECONSTRUCTION ACTING THROUGH WAR  
ASSETS CORPORATION *Hereafter known as the owner*

AND

W. H. BOSLEY & COMPANY *Hereafter known as the agents*

In Consideration of the Owner giving the Agents the exclusive agency to rent and manage the property situated in the City of Toronto, Ontario, and being more particularly described as follows:—

The No. 23 Group of Buildings at the John Inglis & Co. Industrial Plant at Toronto, now known as the "Liberty Buildings," 37 Hanna Avenue, Toronto,

from 10th September 1945 to 30th April 1951, subject to termination by the Owner upon thirty days notice in writing to be given to the Agents by registered mail addressed to:—

W. H. BOSLEY & Co.,  
28 Adelaide Street West,  
Toronto, Ontario.

1. *The agents accept the said agency and agree on behalf of the owner:—*

*Agency*

- (a) To use their best efforts for the renting, management and handling of same.

*Renting*

- (b) To rent the said premises and in connection with same, at their own expense, place where feasible for rent signs on the premises and prepare necessary leases on approved forms provided for the purpose by the Owner. The terms and conditions in such leases to be first approved by War Assets Corporation. All leases to be executed by the Agents on behalf of the Owner. The Agents shall sign all such leases in the following approved manner:—

*Agents for his Majesty the King in Right of Canada Represented by War Assets Corporation*

*Pay Accounts*

- (c) Upon appointment, the Agents shall seek tenders from outside parties willing to provide services such as heat, light, alterations and repairs, etc. on a contract basis, but no such contract shall be finalized until approved by War Assets Corporation.

In the event of no tenders being received on a contract basis, the Agents shall operate the heating plant and engage the necessary help for this operation. The Agents shall pay all accounts, wages, taxes, if any, insurance premiums, water rates, light and power rates and all bills incurred under or by reason of this contract and the management of the premises unless otherwise instructed as regard to any specific items. The Agents will pass on to the owner all trade

discounts and will be responsible for taking full advantage of such. All disbursements made by the Agents, in accordance with the terms of this clause, shall be charged to the account of the premises.

#### *Employment and Wages*

(d) The Agents shall engage, discharge and pay all help necessary in the operation and maintenance of the premises and shall pay the wages of such help but, in so doing, the Agents must adhere to all labour codes governing hours of work, working conditions etc., and must further observe all regulations governing unemployment insurance, income tax and any other Government regulations which may be imposed from time to time, and make all necessary deductions from wage payments, in accordance with law, and properly account for the same.

#### *Collect Rents*

(e) The Agents shall collect at their own expense all rentals, special charges to tenants (such as live steam, heating or other charges) and for such a purpose, the Agents are hereby authorized to distrain for rent in connection therewith to execute distress warrants and all other documents which the Agents may consider necessary or expedient. The Agents shall keep such funds in a separate trust account in a branch of a Chartered Bank.

#### *Rental Control Regulations*

(f) The Agents shall adhere strictly to all rental control regulations or other regulations laid down from time to time by the Dominion, Provincial or Municipal authorities.

#### *Remittances*

(g) The Agents shall not later than the 10th day of the following month submit to War Assets Corporation on an approved form a statement showing in detail the results of the operation of the property up to and including the last day of the preceding month. Accompanying this statement shall be a bank draft or cheque in favour of War Assets Corporation for the surplus to the credit of the account of the premises as on the last day of the month after deducting therefrom the fees of the Agents. Receipted accounts for all disbursements (including wage receipts) must accompany each monthly statement. The Agents' books and records relating to the management of the premises shall be open for inspection by the Owner at any time.

#### *Advertising*

(h) Unless otherwise authorized by the Corporation, the development of a publicity program for the renting of the available space and the cost of advertising for tenants for the premises shall be borne by the Agents and shall not be charged to the account of the property.

#### *Indemnity*

(i) The Agents agree to indemnify and save harmless the owner against any claims which may arise by reason of any negligent acts and/or omissions of the Agents, their officers, servants, employees or representatives in connection with the management and operation of the said premises.

#### *Security Arrangements*

(j) The Agents shall take such security precautions as may reasonably be necessary in order to adequately protect the interests of the Owner in the premises and for that purpose shall employ such watchmen and/or guards as may be necessary and pay the salaries or wages of the same and such salaries or wages shall be charged to the account of the property.

## 2. THE OWNER AGREES:—

*Commission*

(a) To pay the Agents for their services hereunder a fee of 5 per cent of the moneys collected, as set forth in Section (e) above, being the Toronto Real Estate Board rate of commission for the management of property and the Agents will not be entitled to any fee for leasing space in the premises in addition to their fee as aforesaid, but if the services of another agent or broker are employed in negotiating and completing a lease satisfactory to the owner, a commission not exceeding one half of the regular Toronto Real Estate Board fee for the leasing of such space may be paid to such agent or broker. The Owner will not be responsible for the payment of any commissions or fees for the renewal of leases.

*Repairs*

(b) To authorize and does hereby authorize the Agents to make, if they deem advisable, emergency or minor repairs and such major repairs or alterations as the owner may request and all such repairs and alterations shall be chargeable to the Owner.

*General Provisions*

3. If, upon the expiration of this agreement, the Agents with the knowledge of the Owner, continue to perform the services covered by this agreement, this agreement shall continue upon the same terms, subject to cancellation by either party on thirty days' notice in writing to the other party.

4. This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

Signed, sealed and delivered in the presence of:

Witness:

Witness:

For and on behalf of His Majesty the King in right of Canada.

WAR ASSETS CORPORATION

BY.....  
*Vice-President*

BY.....  
*Secretary*

W. H. BOSLEY & COMPANY

By.....

By.....













Government  
Publications

BINDING SECT. JAN 21 1980

Government  
Publication



3 1761 11466137 4

